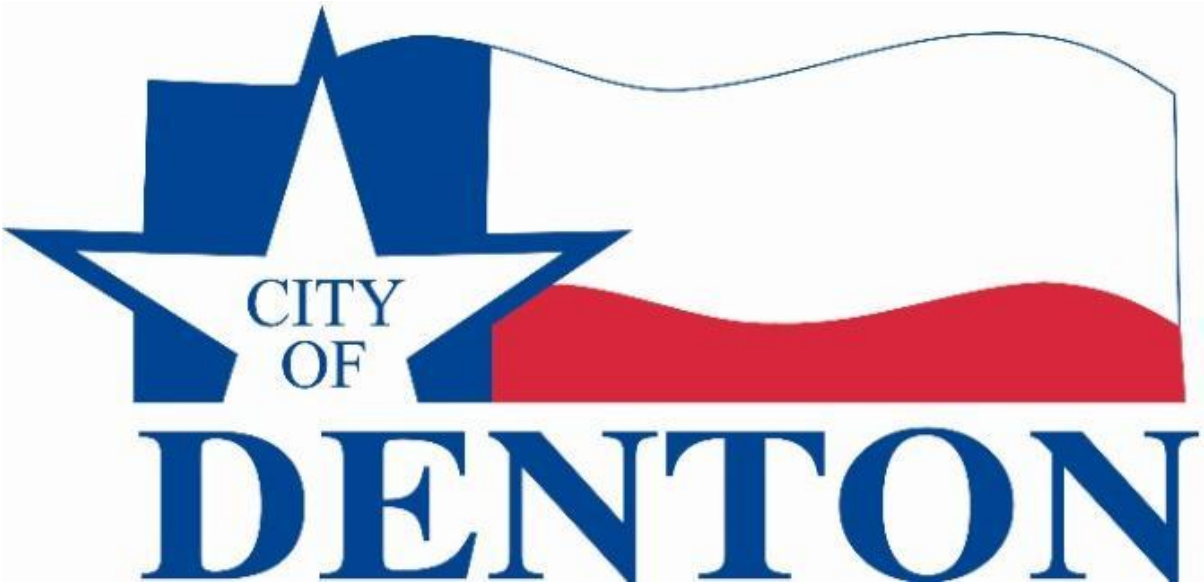
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPT. 30, 2019

CITY OF

Denton

TEXAS


CITY
OF
DENTON

VISION

"Destination Denton"

Denton is an identifiable and memorable destination and a community of opportunities. We achieve this by providing high quality of life through excellence in education, entertainment, and employment; neighborhood vitality and sustainability; environmental and financial stewardship; and superior public facilities and services.

MISSION

"Dedicated to Quality Service"

The City of Denton will foster an environment that will deliver extraordinary quality service and products through stakeholder, peer group, and citizen collaboration; leadership and innovation; and sustainable and efficient use of resources.

VALUES

"We Care"

We care about our people, our community, and our work. We do this with integrity, respect, and fairness.

CORE VALUES

INTEGRITY

Making sure that with every decision we make, our actions match our values.

FISCAL RESPONSIBILITY

Ensuring that people can trust that we use public funds conscientiously, with the community's best interest in mind.

TRANSPARENCY

Building an environment of trust by interacting with others honestly as well as collecting and sharing clear and concise information.

OUTSTANDING CUSTOMER SERVICE

Employing a holistic approach to problem-solving and providing responsive service that goes above and beyond expectations.

CITY OF DENTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2019

CITY MANAGER

Todd Hileman

CHIEF FINANCIAL OFFICER
Antonio Puente, Jr.

Prepared by:

David Gaines
Director of Finance

Harvey Jarvis
Controller

Brian Hogan, CPA
Assistant Controller

Cody Wood
Assistant Controller

Mary Dickinson
Electric Business Manager

Ed Lane, CPA
Senior Accountant

Kurt Breyfogle
Senior Accountant

Catherine Bai, CPA
Senior Accountant

Cindy Liang, CPA
Senior Accountant

Katy Magee, CPA
Accountant

Jenny Wang, CPA
Accountant

Lori Allen
Accountant

Nicholas Vincent
Assistant Director of Finance

Nancy Towle
Treasury Manager

City of Denton, Texas
Comprehensive Annual Financial Report
For Year Ended September 30, 2019

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For Year Ended September 30, 2019

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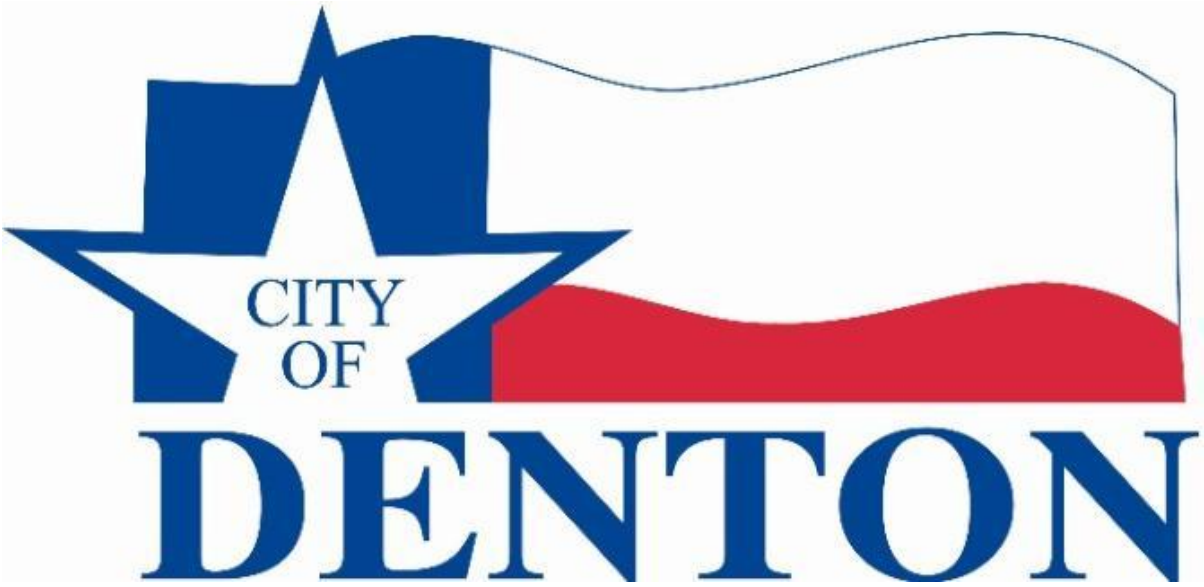

CITY
OF
DENTON

Finance Department
215 E. McKinney St., Denton, TX 76201 • (940) 349-8531

March 13, 2020

The Honorable Mayor and Members of the City Council
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Denton (the City) for the fiscal year ended September 30, 2019. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above-mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2019.

The CAFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City, and is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Pattillo, Brown & Hill L.L.P. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2019. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related Uniform Guidance. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Originally incorporated on September 26, 1866, the City of Denton is now 98.818 square miles and has an estimated population of 129,635. The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member

districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City of Denton is in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water, and wastewater services.

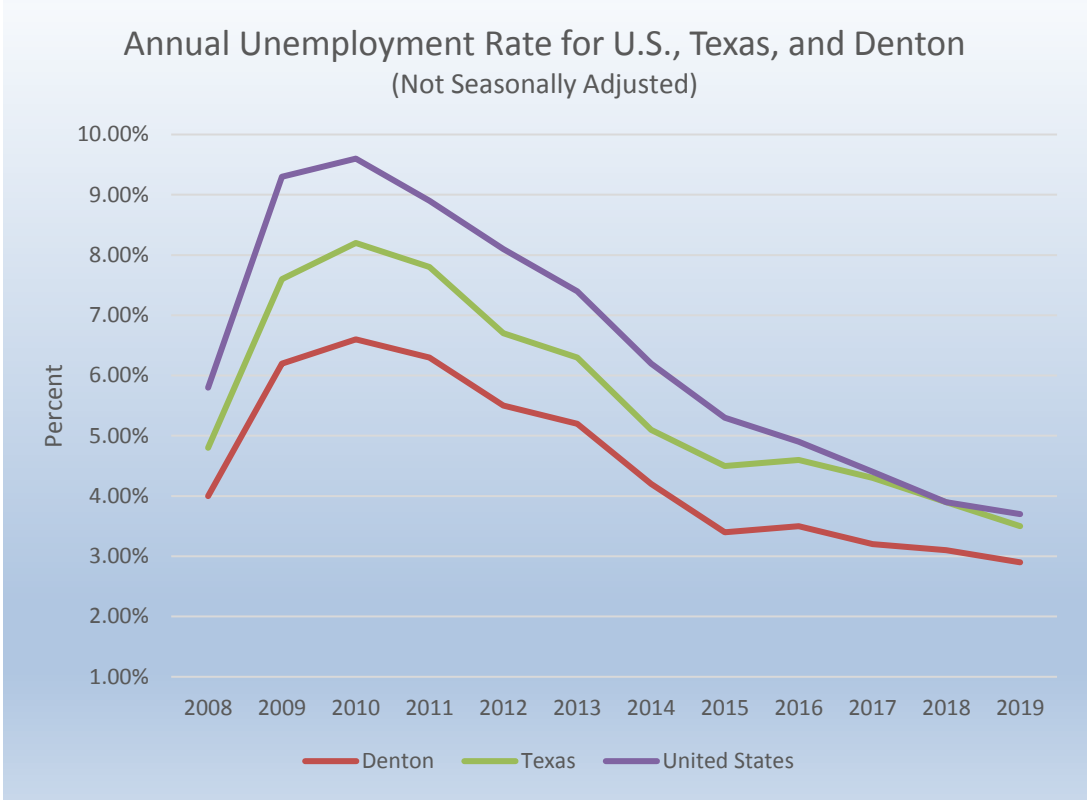
The internal service operations consist of the Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services, Technology Services, and Customer Service funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The Customer Service Fund accounts for the financing of customer service activities provided to the residents and businesses of the City on behalf of other departments within the City. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

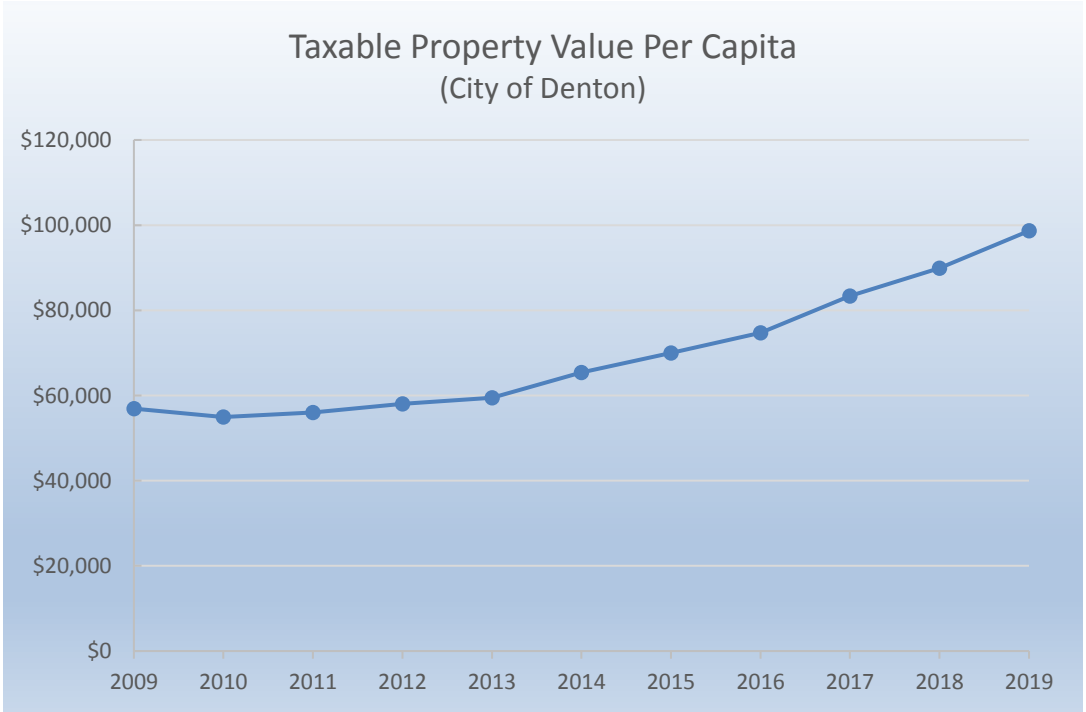
LOCAL ECONOMY

The City of Denton's tax base continues to grow with an average growth rate of 7.39% over the last 10 years. Recently, the City's tax base grew by 13.57% in FY 2017-18, 9.70% in FY 2018-19, and 11.92% in FY 2019-20. After property tax revenues, the second largest source of revenue in the General Fund is sales tax. Representing approximately 33% of overall revenue in the General Fund, sales tax is a significant revenue source that is dependent upon a variety of economic factors. For FY 2018-19, total sales tax revenues equaled $38,330,825, which is $60,799 or 0.16%, more than the prior year collections of $38,270,026.

Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base and sales tax collections. The City of Denton's not seasonally adjusted annual unemployment average rate remains below state and national levels at an average 2.9 percent in 2019. The City of Denton has issued 1,976 new residential and commercial building permits for FY2018-19, with an estimated value of $543 million. This compares to a total of 1,749 commercial and residential permits issued for FY2017-18 and an estimated value of $566 million.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.


Annual Unemployment Rate for U.S., Texas, and Denton
(Not Seasonally Adjusted)
Percent
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Denton
Texas
United States


Taxable Property Value Per Capita
(City of Denton)
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

Fiscal year 2018-19 brought exciting news in economic development. Listed below are just a few of the highlights:

- The Rayzor Ranch mixed-use development is located on both the north and south sides of US Highway 380 in Denton. Rayzor Ranch Marketplace, on the north side of the development, has constructed over 500,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the development. New tenants at the Marketplace include: James Avery, TJ Maxx, and Tuesday Morning. The southern Town Center continues to expand. New tenants include: IHOP, Chase Bank, Zoës Kitchen, Cotton Patch Café, Massage Envy, Alamo Drafthouse, Rooms To Go, Cheddars Scratch Kitchen, and Andy B's Entertainment and Bowling Center. These new tenants surround the Embassy Suites Hotel and Convention Center described in more detail below. In addition, new multifamily units are under construction and will open in early 2020.
- O'Reilly Hotel Partners Denton (OHPD) opened the 70,000-square-foot Convention Center, 318-room Embassy Suites Hotel, and Houlihan's restaurant project in January 2018. The Embassy Suites by Hilton is LEED Gold Certified. The Denton Embassy Suites was also designated as a "2019 AAA Inspector's Best of Housekeeping Hotel," which ranks the hotel in the top 25% of 27,000 inspected hotels. As a major anchor for the Rayzor Ranch Town Center, the project capitalizes on the shopping, entertainment, and restaurants located nearby. The privately managed convention center is also expected to expand the City's convention business and overall tourism industry.
- The Buc-ee's Travel Center, which opened in October 2018, is a commercial development that includes an approximately 53,000-square-foot retail store, fuel sales, car wash, and outparcels for future development. The main retail store and the associated fuel sales are open 24 hours a day, seven days a week. The development has resulted in the Texas Department of Transportation (TxDOT) advancing several mobility improvements to the intersections of Loop 288/Lillian Miller and I-35E, Mayhill Road and I-35E, and Brinker Road and I-35E.
- The City's airport has expanded by adding a 5,000 foot long, 75-foot wide second runaway. This project was funded by the City and a grant by the Texas Department of Transportation – Aviation Division. The $6.3 million parallel runway was completed in November 2019. This significantly expands the capacity of the Denton airport which is currently the eighth busiest airport in Texas and the number one general aviation airport in the state.
- The North Central Texas College (NCTC) completed the construction of a new campus, the First State Bank Exchange, in downtown Denton that opened in Fall 2019. The facility is approximately 45,000 square feet with classrooms for 2,500 students including two lecture classrooms and a lecture hall. The four-story parking garage includes 300 spaces. NCTC has a partnership with the University of North Texas and Texas Woman's University that allows students to transfer without losing credits and gives student the opportunity to be concurrently enrolled at all three institutions. The renovated building also includes retail and restaurant spaces that are rapidly filling up.
- Denton was ranked number 6 by City Lab as one of America's Top 25 High-Tech Hotspots. One of the catalysts for this growth in high-tech is Stoke, Denton's coworking space and entrepreneurial center. Hickory & Rail Ventures took over the management of the coworking space in 2018. Their vision for Stoke is to make it the first of many places Denton entrepreneurs can call home. The center currently has 98-members from 74 member companies. Sixty-seven events were hosted by Stoke in 2019. Some recent examples of their success include:
    - Team of Defenders – Team of Defenders is an IT platform company established in 2018. They currently operate out of Stoke and estimate that they will hire 56 tech employees with a payroll of $7M in the next ten years.
    - Flyp – An app that allows users to operate multiple phone numbers from a single smart phone. Users can then text and make/receive calls from those numbers, which each have a unique ringtone and voicemail box.
    - Upventur – Upventur is a social startup that gives outdoor enthusiasts and hobbyists a place to connect with fellow explorers, service providers, and experts.
    - Kubos – Kubos is a satellite software company targeting the emerging commercial space industry. It combines quality engineering, modern software development, and mission-critical services to serve the satellite industry.

- Denton Municipal Electric (DME) has invested in infrastructure with the Denton Energy Center (DEC), composed of twelve fast start electricity generating engines and ancillary equipment, which are able to achieve full output in just five minutes. The DEC generates 225 megawatts of electricity and began commercial operation in June 2018. The DEC will provide reliable energy at reduced costs for industries that are significant consumers of electric utility services. United States Cold Storage, detailed below, is an example of one of these industries.
- United States Cold Storage (USCS), held its grand opening in September 2019, provides its clients with refrigerated and frozen food warehousing and transportation with 38 facilities in 13 states and 2,500 employees. In 2018, USCS closed on a 40-acre site in the Westpark Tax Increment Reinvestment Zone (TIRZ). USCS offers storage, re-pack, case pick, distribution and transportation solutions for production facilities in the United States and Mexico. The company estimates that it will invest $34 million in the project and create approximately $28 million in new ad valorem value in Denton. The estimated electric demand is 1.5 megawatts annually, which will make USCS a Top 25 customer for DME. The company plans to create 67 new jobs by Year 3 of operations with an average salary of $36,074. In 2018, USCS received a grant of a 50% cost share of the sales and use taxes for the construction of their new distribution facility on a 40-acre site in the Westpark TIRZ.

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2019-20 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The Annual Budget can be accessed through the City's web site at www.cityofdenton.com and selecting Financial Transparency under the "Open Government" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is a minimum of 20% of budgeted expenditures with an additional 5% resiliency reserve for a combined total of 25% to provide stability and flexibility for the organization. As described in the accompanying CAFR document, the unassigned fund balance is $30.6 million, or 23.67%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2019.

Beginning in FY 2011-12, the City adopted a policy which requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2011-12 according to the unique operational aspects of each utility. The rate reserve levels were most recently revised in FY 2015-16 based on the factors of revenue stability, expense and demand volatility, infrastructure age, debt levels and management plans for the use of these reserves. The rate reserve level is established at a range of 8% to 12% of expenses for the Electric Fund, at a range of 20% to 31% of expenses for the Wastewater Fund, at a range of 25% to 42% of expenses for the Water Fund, and at a range of 6% to 10% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City

debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2018-19.

MAJOR INITIATIVES

In FY 2018-19, the City continued to emphasize street maintenance and repair activities as funding in the Street Improvement Fund increased by $1.3 million. This additional funding was used for concrete pavement, curb and gutter, and sidewalk repairs along with additional crack and micro seal repairs. In addition to improving the City's street infrastructure, the enhancement of public safety is also identified in the Strategic Plan as a major initiative. Accordingly, the FY 2018-19 General Fund budget included $1,748,399 in funding enhancements for public safety programs. Overall, the budget included the funding of 7 new positions in the Police Department, 3 new Fire Fighters for Station 8, various equipment in the Fire Department, and 3 new positions in public safety communication.

Employee compensation remained a continuing priority in FY 2017-18 with an average 3% merit increase provided to all employees along with eligible step increases for all police and fire civil service personnel.

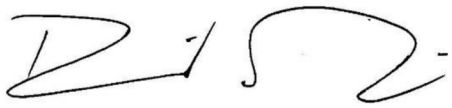
AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018, for the thirty-fourth consecutive year. In order to be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2018-19 Annual Budget for the thirty-third consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2019-20 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

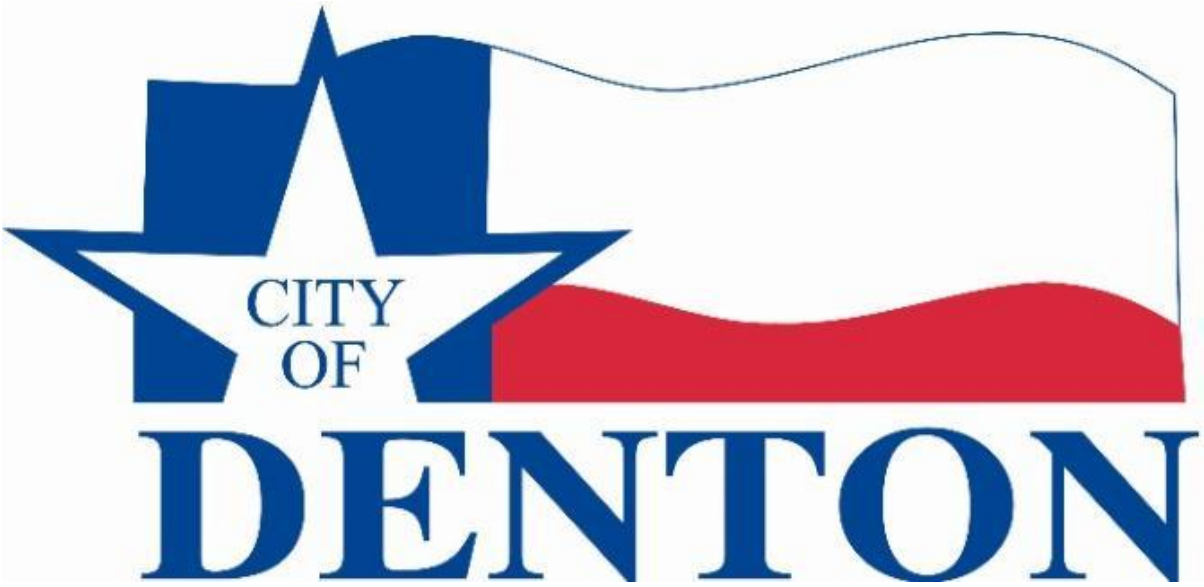
In 2019, the City's Purchasing Department earned the Excellence in Procurement Award from the National Purchasing Institute, Inc. (NPI) for the twentieth-first year in a row. This award is achieved by those organizations that demonstrate excellence in procurement by achieving a high score on standardized criteria designed to measure innovation, professionalism, productivity, and leadership. NPI represents purchasing officials employed by national, state, and local governments; educational institutions; and tax-supported and public entities throughout the country.

We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.

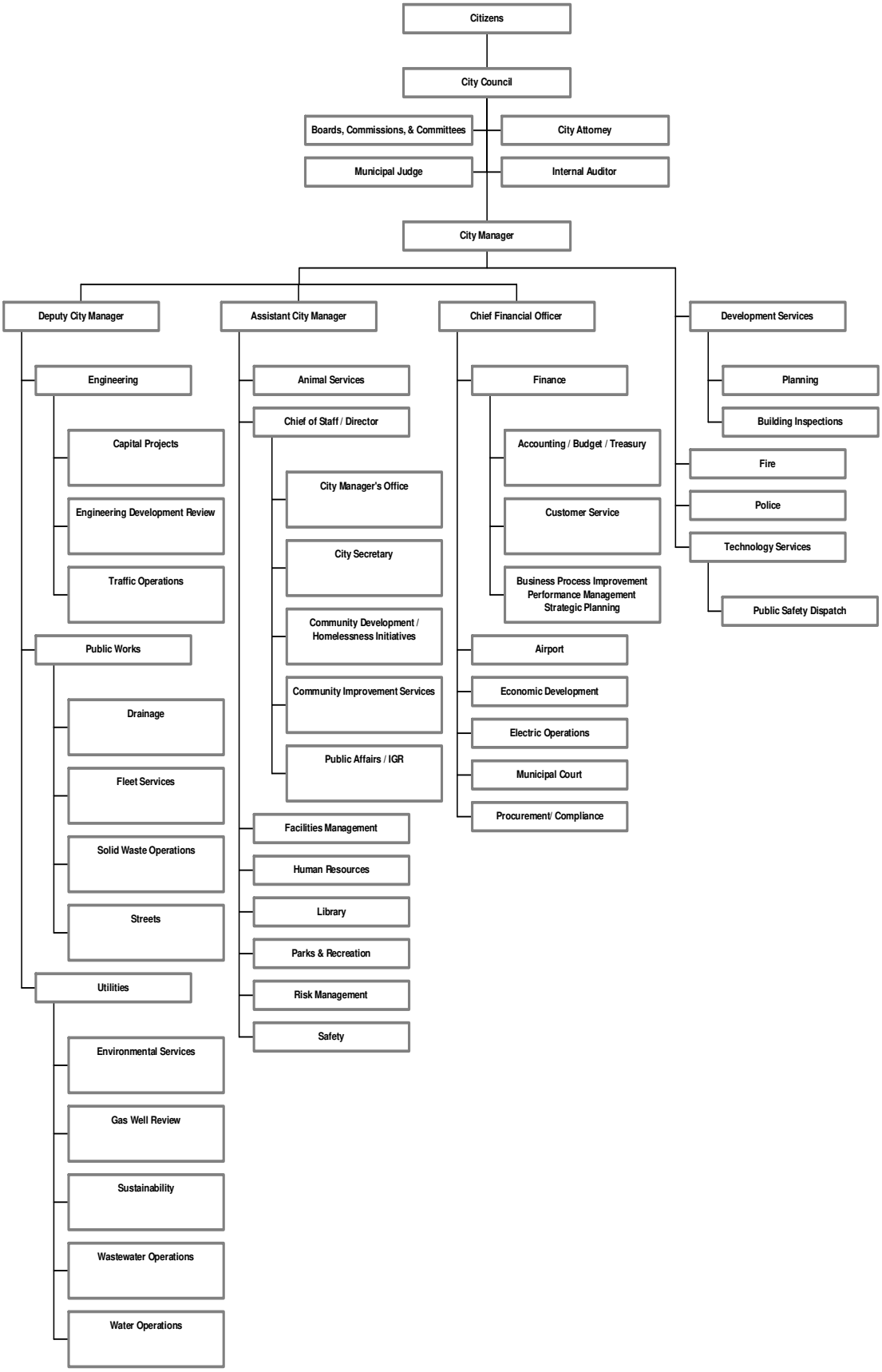


Antonio Puente, Jr.
Chief Financial Officer

David Gaines
Director of Finance


CITY
OF
DENTON

ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF DENTON, TEXAS

List of Principal Officials

ELECTED OFFICIALS

Title	Name
Mayor	Chris Watts
Councilmember, District 1, Mayor Pro Tem	Gerard Hudspeth
Councilmember, District 2	Keely G. Briggs
Councilmember, District 3	Jesse Davis
Councilmember, District 4	John Ryan
Councilmember, At Large Place 5	Deb Armintor
Councilmember, At Large Place 6	Paul Meltzer

CITY OFFICIALS

Title	Name
City Manager	Todd Hileman
Deputy City Manager	Mario Canizares
Assistant City Manager	Sara Hensley
City Attorney	Aaron Leal
Municipal Judge	Holly Fox
City Secretary	Rosa Rios

PB&H

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Denton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Denton, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Denton, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, capital assets schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the capital assets schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

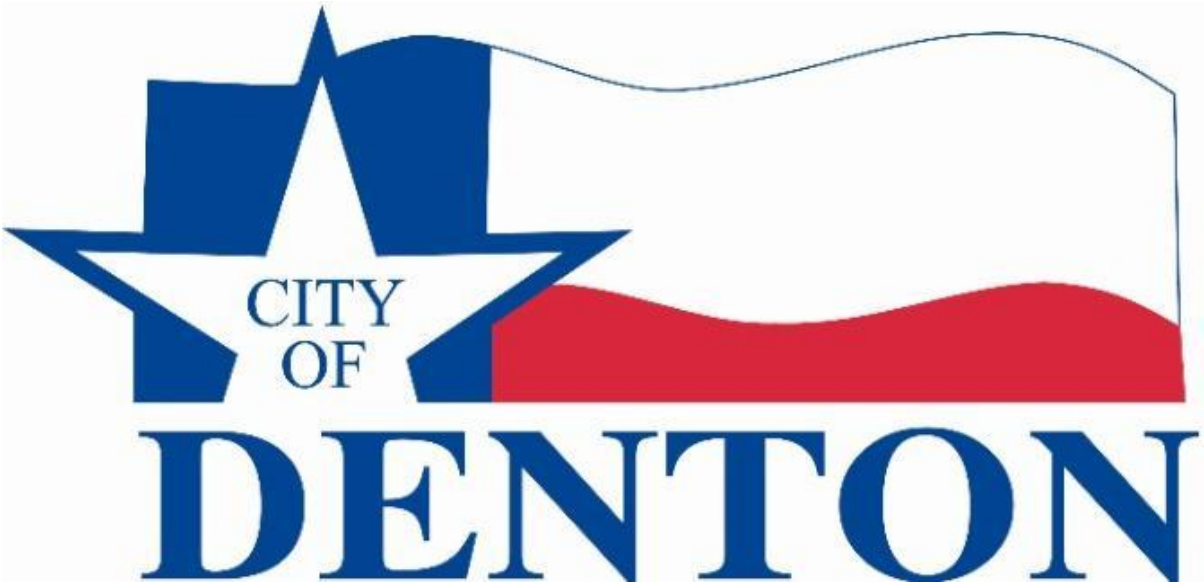
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020 on our consideration of the City of Denton, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Denton, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Denton, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 13, 2020


CITY
OF
DENTON

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 17).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2019 by $1,029,307,671 (net position). Of this amount, $133,829,918 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $94,031,286 in fiscal year 2019.
- As of September 30, 2019, the City's governmental funds reported combined fund balances of $181,544,210, a decrease of $557,733 in comparison with the prior fiscal year. Compared to the prior year, revenues were higher by $1.8 million due primarily to higher property tax of $4.2 million, investment revenue of $4.2 million, fees for services of $1.0 million, hotel occupancy tax of $0.3 million, building permits of $0.2 million, franchise fees of $0.2 million, and sales tax of $0.1 million. The higher revenues were offset by decreases in intergovernmental revenues of $8.0 million and lower fines and forfeitures of $0.4 million. The decline in intergovernmental revenue was due to decreased spending rates on grant funded road construction projects. Expenditures reflect higher costs for public safety of $4.9 million, higher costs for general government of $2.8 million, higher costs for parks and recreation of $0.5 million, higher capital expenditures of $11.3 million, and higher debt service interest costs of $1.6 million. Total expenditures of the City's combined governmental funds are $21.0 million higher than the prior year. New proceeds from the issuance of long-term debt added $25.9 million in new funding. Net transfers in increased by $10.9 million, from a net transfer out of $6.7 million in fiscal year 2018, to a net transfer in of $4.2 million in fiscal year 2019. Approximately 16.4% of the $181,544,210, or $29,795,554, is available for spending at the government's discretion (unassigned fund balance).
- The City's total noncurrent liabilities, including other noncurrent liabilities, increased by $48,665,610 during the fiscal year. The primary reasons for the changes are the issuance of $28.8 million of certificates of obligation and $44.3 million of general obligation bonds, which were offset by the scheduled pay down of general obligation bonds and certificates of obligation of $87.7 million and the amortization of related premium and discounts of $4.4 million. The Electric fund recorded a liability of $22.7 million due to decommissioning of the City's share of the Gibbons Creek Power Plant assets by the Texas Municipal Power Agency. Unfavorable market conditions relative to actual plan performance versus actuarial assumptions contributed to an increase of $44.0 million in pension liabilities. The City's liability for other post-employment benefits increased $0.7 million. Other changes include an increase of $0.1 million for the City's landfill closure and post closure liability, a decrease of claims payable of $0.2 million, and an increase in compensated absences of $0.4. Additional information on the City's long-term debt can be found in note IV.G. on pages 56 - 60 of this report. Additional information on the City's agreement with TMPA can be found in note V.E. on pages 78-80 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste, and airport activities are reported here.

The government-wide financial statements can be found on pages 17 - 19 of the report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The following illustration summarizes the major features the City's financial statements.

Major Features of City of Denton's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	Activities of the City that are not proprietary, such as police, fire and parks	Activities the City operates similar to private businesses: electric, water, wastewater utilities, solid waste and airport operations
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Types of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year of soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains twelve governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for eight of these non-major governmental funds, along with an aggregate of all other governmental funds, is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds.

Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City's internal service funds are used to accumulate and allocate costs internally among the City of Denton's various functions. Both enterprise funds and internal service funds are components of proprietary funds.

The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and airport operations. The individual funds provide the same type of information as the government-wide financial statements only in more detail. The City considers all enterprise funds to be major funds.

The City of Denton maintains seven internal service funds. The City uses internal service funds to account for materials management, fleet services, health insurance, risk retention, technology services, engineering services, and customer service. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

- **Fiduciary funds**. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are a component of fiduciary funds. Agency funds differ from other fiduciary funds in that they do not typically involve a formal trust agreement. Agency funds are used to account for situations where the City's role is purely custodial, such as receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments.

  The City maintains one fiduciary fund, an agency fund. The City uses agency funds to account for the collection and payment of property and evidence, temporary developer holdings and other similar relationships.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2019, the City's combined net position were $1,029,307,671, of which $233,781,032 can be attributed to governmental activities and $795,526,639 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (80.9%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	218	2019	2018
Current and other assets	$ 274,125	$ 289,367	$ 433,830	$ 426,310	$ 707,955	$ 715,677
Capital assets, net of accumulated depreciation	372,413	310,971	1,264,559	1,224,104	1,636,972	1,535,075
Total assets	646,538	600,338	1,698,389	1,650,414	2,344,927	2,250,752
Deferred outflows of resources	46,876	26,043	22,482	13,973	69,358	40,016
Long-term liabilities outstanding	363,657	319,898	894,424	889,517	1,258,081	1,209,415
Other liabilities	80,975	92,018	23,460	27,357	104,435	119,375
Total liabilities	444,632	411,916	917,884	916,874	1,362,516	1,328,790
Deferred inflows of resources	15,001	17,932	7,460	8,770	22,461	26,702
Net position:						
Net investment in capital assets	242,958	194,211	589,492	540,697	832,450	734,908
Restricted	30,348	21,655	32,680	20,209	63,028	41,864
Unrestricted	(39,525)	(19,333)	173,355	177,837	133,830	158,504
Total net position	$ 233,781	$ 196,533	$ 795,527	$ 738,743	$1,029,308	$ 935,276

Governmental activities increased the City's net position by $37,247,961. Business-type activities increased the City's net position by $56,783,325. The key elements of these increases are contained in Table 2.

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	$ 20,276	$ 20,212	$ 359,434	$ 318,471	$ 379,710	$ 338,683
Operating grants and contributions	4,093	3,698	-	-	4,093	3,698
Capital grants and contributions	28,085	33,991	16,039	20,520	44,124	54,511
General Revenues:						
Property tax	71,351	67,186	-	-	71,351	67,186
Sales tax	38,331	38,270	-	-	38,331	38,270
Franchise tax	26,161	26,007	-	-	26,161	26,007
Hotel occupancy tax	3,040	2,734	-	-	3,040	2,734
Beverage tax	662	632	-	-	662	632
Bingo tax	11	11	-	-	11	11
Investment Income	6,093	1,938	9,027	4,083	15,120	6,021
Miscellaneous	4,026	4,889	-	241	4,026	5,130
Total revenues	202,129	199,568	384,500	343,315	586,629	542,883
Expenses:						
General government	39,052	37,969	-	-	39,052	37,969
Public safety	77,883	71,945	-	-	77,883	71,945
Public works	24,503	25,684	-	-	24,503	25,684
Parks and recreation	17,711	17,422	-	-	17,711	17,422
Interest on long-term debt	6,751	5,379	-	-	6,751	5,379
Electric	-	-	236,131	168,111	236,131	168,111
Water	-	-	29,690	27,481	29,690	27,481
Wastewater	-	-	28,317	26,284	28,317	26,284
Solid waste	-	-	30,542	29,028	30,542	29,028
Airport	-	-	2,017	1,803	2,017	1,803
Total expenses	165,900	158,399	326,697	252,707	492,597	411,106
Increase in net position before transfers	36,229	41,169	57,803	90,608	94,032	131,777
Transfers	1,019	(1,104)	(1,019)	1,104	-	-
Increase in net position	37,248	40,065	56,784	91,712	94,032	131,777
Net position at beginning of year	196,533	173,429	738,743	659,509	935,276	832,938
Prior period adjustment	-	(16,961)	-	(12,478)	-	(29,439)
Net position at beginning of year	196,533	156,468	738,743	647,031	935,276	803,499
Net position at end of year	$233,781	$ 196,533	$ 795,527	$ 738,743	$ 1,029,308	$ 935,276

Governmental activities. Expenses for governmental activities reflect an increase of $7.5 million over the prior year. Increases include $1.0 million in general government expenses and $5.9 million for public safety. These increases were offset by a decrease of $1.2 million in public works. The most significant governmental activities expense was in providing public safety, which incurred expenses of $77,883,435. The largest expense for public safety is the cost of personnel, which totaled $61,504,011. Governmental activities expense also includes general government, which incurred $39,051,942 in expenses, of which $17,991,562 represented personnel charges.

These expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $71,351,314 for the fiscal year ended September 30, 2019. The $5.4 million decrease in the governmental program revenues are mainly due to a decrease of $5.3 million in capital grants and contributions for public works. Parks and recreation also decreased $0.6 million. The slight increase in charges for services compared to the prior year was less than $0.1 million. Within this category, increases for parks and recreation

of $1.0 million and $0.1 for public works were offset by a decrease of $1.0 million for public safety. Operating grants and contributions increased $0.4 million compared to the prior year. Increases of $0.7 million for public safety and $0.1 million for parks and recreation were offset by a decrease of $0.4 million for general government. Governmental general revenues included an increase of $4.2 million for property tax due to rising values and new construction. Transfers reflect a net $4.2 million transfer in for governmental activities for the current year as compared to a net transfer out of $6.6 million for the prior fiscal year.

Business-type activities. Business-type activities increased the City's net position by $56,783,325. This accounts for 60.4% of the growth in the entity-wide net position. All Utility service revenues increased by a total of $37.3 million. Electric charges for services increased by $39.8 million. Water charges for services decreased by $2.8 million as compared to the service charges from prior year. Wastewater charges decreased $0.9 million compared to the prior year. Solid Waste charges for service provided an increase $1.2 million compared to the prior year. Airport charges for goods and services were unchanged from the prior year. Water and Wastewater collected $7.5 million and $4.4 million in impact fees, respectively, reflecting a $0.1 million increase over the prior year. Capital contributions, which arise from new property development within the City, represent a major revenue source for the Water and Wastewater funds during the current fiscal year. Capital contributions were $16.0 million during the year and represent a $4.5 million decrease from the prior year. The Airport gas well revenues contributed an additional $0.3 million to the increase in net position, a decrease of $0.1 million from the prior year. Total enterprise funds operating costs, before depreciation, increased $59.3 million. Electric expenses account for $56.0 million (94.5%) of this increase. Cost increases over the prior fiscal year include purchased power costs of $25.4 million, decommissioning of TMPA assets of $22.7 million, administrative costs of $5.5 million, salaries and wages of $2.7 million, and insurance costs of $0.1 million. These increases were slightly offset by a decrease in material and supplies expenses of $0.3 million. Water expenses increased $1.5 million from the prior year. Increased expenses of $3.7 million for administrative costs and $0.2 million for maintenance and repairs were offset by decreases of $2.1 million for personnel services and $0.3 million for materials and supplies. Wastewater expenses increased by $1.8 million from the prior year. Increases in administrative costs of $1.0 million and personnel services of $0.8 million that were offset by a decrease in maintenance and repair costs of $0.1 million. Solid Waste operations expenses reflect increased costs for administrative costs of $0.6 million and decreased closure/post closure costs of $0.8 million compared to the prior year. Airport operations expenses reflect a combined $0.2 million increase for personnel services, maintenance and repairs, and operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $181.5 million, a decrease of $0.6 million in comparison with the prior year. $29,795,554 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($121.5 million), committed ($10.3 million), and assigned ($19.9 million).

The General Fund is the chief operating fund of the City. At September 30, 2019, the unassigned fund balance of the General Fund was $30.6 million, or 23.7% of budgeted general fund expenditures. The General Fund's ending fund balance increased by $0.4 million during the current fiscal year. The change in fund balance is due to expenditures, including other financing uses, of $116.7 million, and revenues, including other financing sources, of $117.1 million. Revenues were $3.7 million higher compared to the previous year primarily due to increases in taxes of $1.5 million, investment income of $0.6 million, intergovernmental revenue of $0.3 million,

and both licenses and permits and franchise fees of $0.2 million. These increases were offset by a decrease in revenue of $0.2 million for fees for services. The net change in expenditures was $1.9 million higher as compared to the previous year primarily due to increased costs related to personal services and operations. The increased personnel costs were $2.8 million. Public safety increased $3.2 million over the prior year while general government increased $1.0 million. These increases were offset by a decrease in parks and recreation of $1.4 million. The increase in operations, services costs of $1.4 million is due to increases in general government of $0.9 million and public safety in the amount of $1.0 million. These increases were offset by a reduction in parks and recreation expenditures in the amount of $0.5 million. Transfers out decreased $2.8 million from the prior year primarily due to a decrease in funding of capital projects.

Personnel costs, on a year over year comparison, were higher due to an average merit increase of 3% for non-civil service employees, a pay adjustment for civil service employees to reach the market average plus 5% and continued step raises for public safety civil service employees. During the fiscal year, a net of 20 FTE's were added to public safety.

At the end of the fiscal year, the capital projects fund has a total fund balance of $120.9 million, a decrease of $4.6 million. The total fund balance is made up of $98.4 million in restricted funds, $2.7 million in committed funds, and $19.8 million in assigned funds, all for capital construction and acquisition. In 2019, the City received $27.9 million of proceeds from the issuance of debt and recognized $17.9 million of regional toll revenues from the Texas Department of Transportation, while expending $63.2 million on construction and acquisition. In addition, the capital projects fund received $3.9 million in interest income and $8.8 million of transfers from other funding sources. The City also received approximately $8.6 million in developer's contributed capital recorded in the government-wide financial statements. This is $0.5 million more than in the prior year.

The debt service fund has a total fund balance of $5.5 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall decrease in the debt service fund balance of $0.1 million resulted from an increase of $2.8 million in tax revenue offset by an increase of $3.1 million in principal and interest costs. Additional amounts include an increase in investment revenue of $0.2 million and a reduction of transfers in by $0.2 million.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2019 in proprietary funds are $57.8 million for Electric, $59.1 million for Water, $38.8 million for Wastewater, $5.2 million for Solid Waste, and $3.2 million for the Airport fund. The results reflect increases of the unrestricted net position in the Water fund of $7.3 million, the Wastewater fund of $0.3 million, and the Solid Waste fund of $3.5 million. The unrestricted net position decreased $13.0 million in the Electric Fund and $0.1 million in the Airport fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2019, three formal amendments to adjust the City of Denton's Annual Program of Services were approved by Council for the General Fund. Council approved funding to provide for additional improvements and other administrative expenses. The additional funds increased the Roadway Impact Fee Fund by $4.3 million to fund roadway improvements, the Fleet Service Fund by $0.5 million for funding fuel purchases and outsourced vehicle and equipment repairs, the Risk Retention Fund by $0.3 million to fund additional claims, and the Animal Donations Fund by $0.1 million for funding Denton Animal Support Foundation donations. Council also increased funding for two Chapter 380 agreements. The Westpark TIRZ received $0.2 million and the Tourist and Convention Fund received $0.4 million.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2019, General Fund actual expenditures (including transfers) on a budgetary basis were $126.5 million compared to the final budget of $129.2 million. The $2.7 million positive expenditure variance was primarily due to reduced costs of $0.4 million in personnel services, $0.2 million in materials and supplies, $0.4 in maintenance and repairs, $0.8 million in service operations, and $1.1 million in transfers. These positive variances were offset by an increase in spending for fixed assets of $0.2 million.

The personnel savings is due to reduced costs of $0.2 million in public works and $0.2 million in parks and recreation. Public safety personnel costs did increase $1.0 million but were offset by $1.0 million in savings from general government. In addition to personnel savings, general government had a positive variance to budget of $0.2 million in materials and supplies. Maintenance and repair costs were favorable to budget by $0.1 million for general government, $0.1 million for public works, and $0.2 million for parks and recreation. The net favorable variance in service operations was due to general government savings of $1.2 million that was offset by increased costs for public safety of $0.5 million. Capital project expenditures were favorable to budget by $0.1 million for both general government and parks and recreation.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $126.9 million compared to the final budget of $127.7 million. Included in the $0.8 unfavorable revenue variance was a sales tax revenue shortfall of $3.0 million and fees for services for $1.0 million. Favorable variances for franchise fees of $0.7 million, investment income of $0.7, and miscellaneous income of $0.1 million helped offset these declines. Administrative transfers into the general fund were favorable by $1.9 million compared to budget. This included a $1.1 million transfer from capital projects per a reimbursement ordinance and cost of service adjustments from electric for $0.5 million, water for $0.2 million, and $0.1 million for wastewater.

The City of Denton's General Fund unassigned fund balance at September 30, 2019 is $30.6 million, or 23.7% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2019 unassigned fund balance.

	Actual 9/30/2019	Actual 9/30/2018
Unassigned balance	$30,578,238	$28,918,681
% of final budgeted expenditures	23.7%	23.1%
Policy level	20% plus up to a 5% resiliency reserve	20% plus up to a 5% resiliency reserve

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 9.53% compared to the prior year certified value, which showed an increase of 13.32%. The current property tax year included $318.8 million of new growth and construction that was added to the tax rolls in Tax year 2018 as compared to Tax year 2017. The fiscal year 2019 ad valorem tax rate decreased to $0.620477 as compared to the prior years' rate of $0.637856 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2019, the City had $1,636,971,411 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and deductions) of $186,973,859 or 13.9% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	$ 22,244	$ 22,244	$ 61,462	$ 49,287	$ 83,706	$ 71,531
Landfill improvements	-	-	4,231	2,170	4,231	2,170
Building and improvements	49,490	43,986	30,401	17,852	79,891	61,838
Plant, machinery and equipment	45,318	42,981	539,361	336,017	584,679	378,998
Water rights	-	-	48,743	49,439	48,743	49,439
Infrastructure	122,713	114,902	395,167	380,315	517,880	495,217
Construction in progress	132,648	86,858	185,194	389,024	317,842	475,882
Total capital assets	$ 372,413	$ 310,971	$ 1,264,559	$ 1,224,104	$ 1,636,972	$ 1,535,075

This year's major asset additions included:

Description	Amount
Denton Energy Center	$ 226,180,048
Eagle Farms and Porter Land Acquistion (Airport / DEC)	7,144,873
Cooper Creek Interceptor / Sewer Line Improvements	7,003,677
Fire Station #4	4,387,223
Landfill Cell Improvements	3,707,828
Westpark TIRZ Improvements	3,669,165
Harvest Hill Subdivision Infrastructure	3,377,908
Woodrow Substation Upgrade (Electric)	3,260,241
Enterprise Data Center	2,872,486
Beaver Creek Subdivision Infrastructure	2,858,439
Fire Training Facility	2,848,182
Brentwood Place Infrastructure Improvements	2,708,694
Fort Worth Substation Addition / Expansion (Electric)	2,467,878
Evers Way Subdivision Infrastructure	2,259,548
Total	$ 274,746,190

Additional information on the City's capital assets can be found in note IV. D. on pages 51 - 53 of this report.

Debt. At year-end, the City had $9675 million in bonds and notes outstanding as compared to $982.1 million at the end of the prior fiscal year, a decrease of 1.49%, as shown in Table 4.

Table 4
Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$ 135,508	$ 127,648	$ 118,682	$ 111,347	$ 254,190	$ 238,995
Certificates of obligation	83,560	81,200	414,890	447,050	498,450	528,250
Revenue bonds	-	-	214,890	214,890	214,890	214,890
Total	$ 219,068	$ 208,848	$ 748,462	$ 773,287	$ 967,530	$ 982,135

These amounts do not include net unamortized premiums/ (discounts) of $69,626,525 or net deferred gain/ (loss) on refunding of ($3,940,228).

During the current fiscal year, the City issued debt two times, both in July 2019. The first debt issuance included $28.8 million in certificates of obligation, of which $19.4 million was for enterprise operations. The second debt issuance included $44.3 million in general obligation refunding and improvement bonds, of which $26.3 million for enterprise operations. Proceeds from both issues were used to pay for various capital improvements. Normal pay down in debt was $29.1 million in general obligation bonds and $58.6 million in certificates of obligation.

Moody's Investor's Service, Inc. has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "Aa1." Moody's did not rate the City's Utility System Revenue Bonds. Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Standard and Poor's Corporation has given the City's Utility System Revenue Bonds a rating of "AA-". Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." Fitch has given the City's Utility System Revenue Bonds a rating of "A+". The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.28%.

Other long-term liabilities. The City maintains a self-insurance program for general liability, auto liability, public officials' liability, errors and omission liability, police professional liability, and workers' compensation. Private insurance companies cover claims for property loss over $50,000 per occurrence, except for specific perils, these deductibles vary depending on location and property values, for workers' compensation losses over $600,000 per occurrence, and for liability over $500,000 per occurrence. The Risk Retention Fund has a reserve for claims and judgments of $2.8 million outstanding at year-end. This reserve was slightly reduced ($.05 million) from the end of the prior fiscal year. Other obligations include pension liabilities, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note IV. G., on pages 56 - 60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While growth for the Denton community is expected to be moderate in the short term, demands for city services are expected to remain strong over the long term. As a result, the fiscal year 2020 Budget includes an ad valorem tax rate of $0.590454/$100 valuation, a decrease of $0.030023/$100 in comparison to the prior year. While sales tax collections were relatively flat compared to the prior year (0.2% increase), the fiscal year 2020 Budget projects an increase of 2.5% over actual fiscal year 2019 sales tax revenue. Budgeted funding enhancements for fiscal year 2020 include $2.8 million for public safety, $2.4 million for neighborhood services, $0.2 million for administrative and community services, and $0.2 million for transportation services in accordance with priorities established through the Strategic Plan. Public safety enhancements include 18.5 new positions, technology improvements, professional development programs, and overtime funding for communications. Neighborhood

services enhancements include funding for new and existing park maintenance, comprehensive plan studies, and homeless initiatives.

The fiscal year 2020 budget includes no rate changes for electric, water, or wastewater customers. Solid waste rates also remain unchanged for 2020, however, the City will introduce a monthly subscription rate for yard waste service.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.

CITY OF DENTON, TEXAS **Exhibit I**
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash, cash equivalents and investments, at fair value	$ 80,681,162	$ 196,134,986	$ 276,816,148
Receivables, net of allowances:			
Taxes	8,830,102	-	8,830,102
Accounts	-	19,553,455	19,553,455
Unbilled utility service	-	18,293,710	18,293,710
Interest	327,606	794,840	1,122,446
Other	2,442,200	7,343,165	9,785,365
Internal balances	(15,844,022)	15,844,022	-
Due from other governments	3,196,946	-	3,196,946
Inventory	8,273,896	-	8,273,896
Prepaid items	256,273	9,561,808	9,818,081
Other Assets	-	31,581,238	31,581,238
Restricted assets:			
Cash, cash equivalents and investments, at fair value	184,934,098	134,179,202	319,113,300
Escrow deposits	201,000	-	201,000
Accrued interest	749,478	543,783	1,293,261
Other receivables	76,868	-	76,868
Capital assets not being depreciated:			
Land	22,243,771	61,462,065	83,705,836
Construction in progress	132,647,539	185,193,966	317,841,505
Capital assets, net of accumulated depreciation:			
Buildings	49,489,541	30,401,329	79,890,870
Plant, machinery and equipment	45,318,209	539,360,446	584,678,655
Infrastructure	122,713,481	395,167,217	517,880,698
Landfill improvements	-	4,231,122	4,231,122
Water rights	-	48,742,725	48,742,725
Total assets	646,538,148	1,698,389,079	2,344,927,227
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refundings	1,210,989	2,729,239	3,940,228
Deferred pension balances	43,887,663	18,918,370	62,806,033
Deferred other post-employment benefit balances	1,777,674	833,897	2,611,571
Total deferred outflows of resources	46,876,326	22,481,506	69,357,832
LIABILITIES:			
Accounts payable	9,847,567	10,305,292	20,152,859
Retainage payable	174,160	95,245	269,405
Deposits	-	3,917,164	3,917,164
Accrued interest	7,929	-	7,929
Other liabilities	441,811	-	441,811
Unearned revenue	59,058,764	-	59,058,764
Payable from restricted assets:			
Accounts payable	8,763,023	2,193,041	10,956,064
Retainage payable	1,601,670	626,567	2,228,237
Accrued interest	1,079,965	6,323,191	7,403,156
Noncurrent liabilities:			
Noncurrent liabilities due within one year	28,948,456	63,227,872	92,176,328
Noncurrent liabilities due in more than one year	334,708,308	831,196,249	1,165,904,557
Total liabilities	444,631,694	917,884,621	1,362,516,315
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on refundings	-	754,467	754,467
Deferred pension balances	13,731,906	6,101,163	19,833,069
Deferred other post-employment benefit balances	1,269,842	603,695	1,873,537
Total deferred inflows of resources	15,001,748	7,459,325	22,461,073
NET POSITION:			
Net investment in capital assets	242,957,674	589,492,414	832,450,088
Restricted for:			
Debt service	4,627,301	10,060,625	14,687,926
Parks and recreation	7,156,908	-	7,156,908
Capital acquisition	11,393,397	22,618,292	34,011,689
Other grants and purposes	7,171,142	-	7,171,142
Unrestricted	(39,525,390)	173,355,308	133,829,918
Total net position	$ 233,781,032	$ 795,526,639	$ 1,029,307,671

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 39,051,942	$ 6,460,483	$ 1,395,984	$ 30,000
Public safety	77,883,435	7,233,973	2,086,518	274,732
Public works	24,502,864	712,953	-	27,641,794
Parks and recreation	17,710,634	5,868,619	610,030	139,065
Interest expense	6,750,917	-	-	-
Total governmental activities	165,899,792	20,276,028	4,092,532	28,085,591
Business-type activities:				
Electric system	236,131,640	242,437,211	-	-
Water system	29,689,758	45,886,900	-	6,018,228
Wastewater system	28,317,484	35,042,110	-	10,020,848
Solid waste	30,541,859	34,670,519	-	-
Airport	2,017,380	1,397,581	-	-
Total business-type activities	326,698,121	359,434,321	-	16,039,076
Total primary government	$ 492,597,913	$ 379,710,349	$ 4,092,532	$ 44,124,667

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:			
Governmental activities:			
General government	**$ (31,165,475)**	**$ -**	**$ (31,165,475)**
Public safety	**(68,288,212)**	**-**	**(68,288,212)**
Public works	**3,851,883**	**-**	**3,851,883**
Parks and recreation	**(11,092,920)**	**-**	**(11,092,920)**
Interest expense	**(6,750,917)**	**-**	**(6,750,917)**
Total governmental activities	**(113,445,641)**	**-**	**(113,445,641)**
Business-type activities:			
Electric system	**-**	**6,305,571**	**6,305,571**
Water system	**-**	**22,215,370**	**22,215,370**
Wastewater system	**-**	**16,745,474**	**16,745,474**
Solid waste	**-**	**4,128,660**	**4,128,660**
Airport	**-**	**(619,799)**	**(619,799)**
Total business-type activities	**-**	**48,775,276**	**48,775,276**
Total primary government	**(113,445,641)**	**48,775,276**	**(64,670,365)**
General revenues:			
Taxes:			
Property tax	**71,351,314**	**-**	**71,351,314**
Sales tax	**38,330,825**	**-**	**38,330,825**
Franchise fees	**26,160,639**	**-**	**26,160,639**
Hotel occupancy tax	**3,039,747**	**-**	**3,039,747**
Beverage tax	**661,823**	**-**	**661,823**
Bingo tax	**11,445**	**-**	**11,445**
Investment income	**6,093,100**	**9,026,713**	**15,119,813**
Gain on sale of capital assets	**95,760**	**-**	**95,760**
Miscellaneous	**3,930,285**	**-**	**3,930,285**
Transfers	**1,018,664**	**(1,018,664)**	**-**
Total general revenues and transfers	**150,693,602**	**8,008,049**	**158,701,651**
Change in net position	**37,247,961**	**56,783,325**	**94,031,286**
Net position at beginning of year	**196,533,071**	**738,743,314**	**935,276,385**
Net position at end of year	**$ 233,781,032**	**$ 795,526,639**	**$ 1,029,307,671**

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit III**
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash, cash equivalents and investments, at fair value	$ 26,064,281	$ 5,315,397	$ 189,031,769	$ 24,878,126	$ 245,289,573
Receivables, net of allowances for uncollectibles:					
Taxes	8,139,673	378,256	-	312,173	8,830,102
Accrued interest	107,660	21,542	766,082	100,820	996,104
Other	2,352,163	-	23,868	26,739	2,402,770
Interfund receivables	892,529	-	-	-	892,529
Due from other governments	1,379,881	-	409,329	1,407,736	3,196,946
Total assets	$ 38,936,187	$ 5,715,195	$ 190,231,048	$ 26,725,594	$ 261,608,024
LIABILITIES:					
Accounts payable	4,793,800	-	8,115,254	1,280,846	14,189,900
Retainage payable	-	-	1,748,075	19,304	1,767,379
Interfund payables	-	-	-	211,221	211,221
Due to other governments	41	-	-	-	41
Other liabilities	441,811	-	-	-	441,811
Unearned revenues	-	-	59,032,893	25,871	59,058,764
Total liabilities	5,235,652	-	68,896,222	1,537,242	75,669,116
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	543,041	262,015	-	-	805,056
Unavailable revenue - general services	1,811,819	-	-	-	1,811,819
Unavailable revenue - intergovernmental	606,831	-	409,329	761,663	1,777,823
Total deferred inflows of resources	2,961,691	262,015	409,329	761,663	4,394,698
FUND BALANCES:					
Restricted for:					
Debt service	-	5,453,180	-	-	5,453,180
Parks and recreation	-	-	5,668,582	7,054,495	12,723,077
Streets and drainage projects	-	-	72,508,710	3,389,244	75,897,954
Other capital projects	-	-	20,271,843	-	20,271,843
Other grants and purposes	-	-	-	7,171,142	7,171,142
Committed to:					
Streets	-	-	2,524,083	3,441,732	5,965,815
Parks and recreation	-	-	176,660	372,755	549,415
Other purposes	-	-	-	3,779,944	3,779,944
Assigned to:					
Streets and drainage projects	-	-	10,867,803	-	10,867,803
Use of reserves	160,606	-	-	-	160,606
Capital projects	-	-	8,907,816	-	8,907,816
Other purposes		-	-	61	61
Unassigned	30,578,238	-	-	(782,684)	29,795,554
Total fund balances	30,738,844	5,453,180	120,925,497	24,426,689	181,544,210
Total liabilities, deferred inflows of resources and fund balances	$ 38,936,187	$ 5,715,195	$ 190,231,048	$ 26,725,594	$ 261,608,024

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

Total fund balances - governmental funds (Exhibit III)			**$ 181,544,210**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**372,412,541**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			**4,394,698**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**1,210,989**	
Deferred pension balances		**43,887,663**	
Deferred other post-employment benefits contributions		**1,777,674**	**46,876,326**
An internal charge to business-type activities is not recorded at the fund level.			**(9,225,330)**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current assets	**$**	**29,254,134**	
Liabilities		**(16,323,432)**	**12,930,702**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(135,507,957)**	
Certificates of obligation payable		**(83,560,000)**	
Bond (premiums)/discounts		**(12,749,386)**	
Accrued interest on the bonds		**(1,087,894)**	
Capital leases payable		**-**	
Net Pension Liability		**(84,815,577)**	
Total other post-employment benefits liability		**(29,130,676)**	
Compensated absences		**(13,298,877)**	**(360,150,367)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension balances			**(15,001,748)**
Deferred other post-employment benefits contributions			
Total net position of governmental activities (Exhibit I)			**$ 233,781,032**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS **Exhibit V**
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 85,149,284	$ 24,316,086	$ -	$ 3,971,866	$ 113,437,236
Licenses and permits	3,889,820	-	-	-	3,889,820
Franchise fees	13,443,408	-	-	12,717,231	26,160,639
Fines and forfeitures	3,651,697	-	-	1,495,506	5,147,203
Fees for services	6,981,182	-	-	4,602,561	11,583,743
Investment revenue	1,114,348	525,796	3,939,768	513,188	6,093,100
Intergovernmental	1,339,188	-	18,140,308	2,997,696	22,477,192
Miscellaneous	470,502	-	1,233,844	3,339,306	5,043,652
Total revenues	116,039,429	24,841,882	23,313,920	29,637,354	193,832,585
EXPENDITURES:					
Current:					
General government	29,967,473	-	34,962	5,525,628	35,528,063
Public safety	68,174,782	-	146,343	2,936,533	71,257,658
Public works	3,035,748	-	102,611	11,440,859	14,579,218
Parks and recreation	9,786,783	-	37,151	5,397,158	15,221,092
Capital outlay	737,271	-	63,159,529	939,085	64,835,885
Debt service:					
Principal retirement	4,171	16,900,466	-	-	16,904,637
Bond issuance costs	-	-	142,226	-	142,226
Interest and other charges	-	8,146,969	-	-	8,146,969
Total expenditures	111,706,228	25,047,435	63,622,822	26,239,263	226,615,748
Excess (deficiency) of revenues over (under) expenditures	4,333,201	(205,553)	(40,308,902)	3,398,091	(32,783,163)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt	-	-	25,870,000	-	25,870,000
Premium on debt issuance	-	-	2,006,343	-	2,006,343
Insurance recoveries	-	-	88,954	-	88,954
Sale of capital assets	17,033	-	-	-	17,033
Transfers in	1,100,000	129,250	8,797,645	4,450,849	14,477,744
Transfers out	(5,028,775)	-	(1,102,091)	(4,103,778)	(10,234,644)
Total other financing sources (uses)	(3,911,742)	129,250	35,660,851	347,071	32,225,430
Net change in fund balances	421,459	(76,303)	(4,648,051)	3,745,162	(557,733)
Fund balance at beginning of year	30,317,385	5,529,483	125,573,548	20,681,527	182,101,943
Fund balances at end of year	$ 30,738,844	$ 5,453,180	$ 120,925,497	$ 24,426,689	$ 181,544,210

The notes to the basic financial statements are an integral part of this statement.

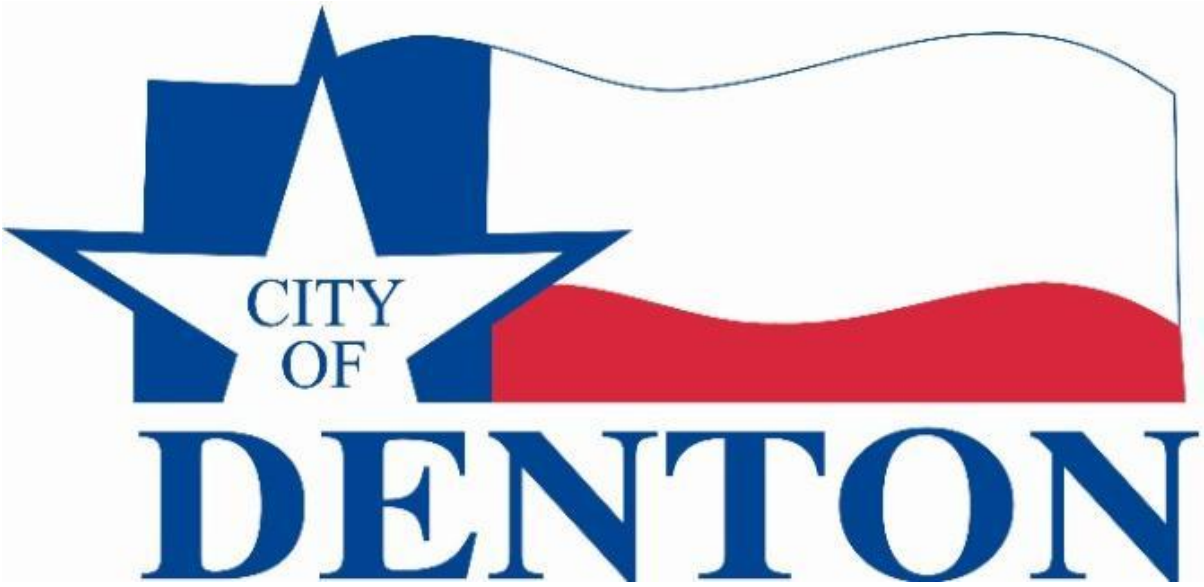
CITY OF DENTON, TEXAS **Exhibit VI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds (Exhibit V)	**$**	**(557,733)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($64,835,885) is different from depreciation and retirement of assets ($18,611,023 = $20,678,309 total governmental minus $2,067,286 internal service portion) in the current period.		**46,224,862**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.		**(393,898)**
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		**8,549,557**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds.		**(8,965,364)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.		**(552,287)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		**(5,550,318)**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is $2,389,856.		**(1,506,858)**
Change in net position of governmental activities (Exhibit II)	**$**	**37,247,961**

The notes to the basic financial statements are an integral part of this statement.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 88,191,500	$ 88,191,500	$ 85,149,284	$ -	$ 85,149,284	$ (3,042,216)
Licenses and permits	3,863,524	3,863,524	3,889,820	-	3,889,820	26,296
Franchise fees	12,790,058	12,790,058	13,443,408	-	13,443,408	653,350
Fines and forfeitures	3,723,000	3,723,000	3,651,697	-	3,651,697	(71,303)
Fees for services	8,154,879	8,154,879	6,981,182	203,739	7,184,921	(969,958)
Investment revenue	460,000	460,000	1,114,348	-	1,114,348	654,348
Intergovernmental	1,280,810	1,280,810	1,339,188	-	1,339,188	58,378
Miscellaneous	363,388	363,388	470,502	-	470,502	107,114
Total revenues	118,827,159	118,827,159	116,039,429	203,739	116,243,168	(2,583,991)
EXPENDITURES:						
Current:						
General government	35,780,957	35,012,870	29,967,473	4,587,091	34,554,564	458,306
Public safety	65,282,346	65,274,931	68,174,782	(3,666,233)	64,508,549	766,382
Public works	3,143,679	3,143,679	3,035,748	(125,079)	2,910,669	233,010
Parks and recreation	10,101,019	10,032,609	9,786,783	(294,528)	9,492,255	540,354
Capital outlay	589,553	548,911	737,271	-	737,271	(188,360)
Debt service:						
Principal retirement	-	-	4,171	-	4,171	(4,171)
Total expenditures	114,897,554	114,013,000	111,706,228	501,251	112,207,479	1,805,521
Excess (deficiency) of revenues over (under) expenditures	3,929,605	4,814,159	4,333,201	(297,512)	4,035,689	(778,470)
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	141,000	141,000	17,033	-	17,033	(123,967)
Transfer in	8,733,146	8,733,146	1,100,000	9,531,697	10,631,697	1,898,551
Transfers out	(14,286,882)	(15,171,436)	(5,028,775)	(9,234,185)	(14,262,960)	908,476
Total other financing sources (uses)	(5,412,736)	(6,297,290)	(3,911,742)	297,512	(3,614,230)	2,683,060
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,483,131)	(1,483,131)	421,459	-	421,459	1,904,590
Fund balances at beginning of year	30,317,385	30,317,385	30,317,385	-	30,317,385	-
Fund balance at end of year	$ 28,834,254	$ 28,834,254	$ 30,738,844	$ -	$ 30,738,844	$ 1,904,590

Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 73,862,439	$ 61,978,738	$ 44,821,921
Receivables, net of allowances:			
Accounts	13,740,818	2,632,280	1,465,399
Unbilled utility service	11,286,978	3,476,604	1,862,164
Accrued interest	299,340	251,153	181,647
Other	7,258,831	-	-
Interfund receivables	5,500,830	912,180	205,682
Merchandise inventory	-	-	-
Prepaid items	9,561,808	-	-
Other Assets	31,581,238	-	-
Total current assets	153,092,282	69,250,955	48,536,813
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	53,028,990	32,065,094	22,707,007
Escrow deposit	-	-	-
Accrued interest	214,909	129,949	92,024
Total restricted assets	53,243,899	32,195,043	22,799,031
Capital assets, net of accumulated depreciation	687,422,490	272,569,480	235,042,875
Total noncurrent assets	740,666,389	304,764,523	257,841,906
Total assets	893,758,671	374,015,478	306,378,719
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	955,692	1,578,138	97,531
Deferred pension balances	8,766,431	3,120,541	3,158,070
Deferred other post employment benefit balances	325,427	126,528	181,747
Total deferred outflows of resources	10,047,550	4,825,207	3,437,348
LIABILITIES:			
Current liabilities:			
Accounts payable	6,479,873	1,670,624	1,448,503
Retainage payable	-	12,253	82,992
Claims payable	-	-	-
Compensated absences payable	1,106,970	382,979	359,743
Deposits	3,294,311	305,148	103,009
Accrued interest	-	-	-
Interfund payables	-	-	-
Asset retirement obligation	2,766,190	-	-
Payable from restricted assets:			
Accounts payable	1,433,842	660,694	74,036
Retainage payable	577,718	41,301	-
Accrued interest	5,464,562	409,732	229,467
Certificate and general obligation bonds	33,700,571	10,930,972	6,187,288
Total current liabilities paid from restricted assets	41,176,693	12,042,699	6,490,791
Total current liabilities	54,824,037	14,413,703	8,485,038

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 11,798,831	$ 3,673,057	$ 196,134,986	$ 18,622,454
Receivables, net of allowances:				
Accounts	1,657,579	57,379	19,553,455	-
Unbilled utility service	1,667,964	-	18,293,710	-
Accrued interest	47,814	14,886	794,840	74,077
Other	-	84,334	7,343,165	116,298
Interfund receivables	-	-	6,618,692	-
Merchandise inventory	-	-	-	8,273,896
Prepaid items	-	-	9,561,808	256,273
Deferred charges	-	-	31,581,238	-
Total current assets	15,172,188	3,829,656	289,881,894	27,342,998
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	23,583,092	2,795,019	134,179,202	1,703,233
Escrow deposit	-	-	-	201,000
Accrued interest	95,574	11,327	543,783	6,903
Total restricted assets	23,678,666	2,806,346	134,722,985	1,911,136
Capital assets, net of accumulated depreciation	53,596,277	15,927,748	1,264,558,870	15,128,483
Total noncurrent assets	77,274,943	18,734,094	1,399,281,855	17,039,619
Total assets	92,447,131	22,563,750	1,689,163,749	44,382,617
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	97,878	-	2,729,239	10,930
Deferred pension balances	3,681,758	191,570	18,918,370	7,213,809
Deferred other post employment benefit balances	189,595	10,600	833,897	364,617
Total deferred outflows of resources	3,969,231	202,170	22,481,506	7,589,356
LIABILITIES:				
Current liabilities:				
Accounts payable	680,348	25,944	10,305,292	4,416,484
Retainage payable	-	-	95,245	-
Claims payable	-	-	-	2,285,831
Compensated absences payable	375,388	21,764	2,246,844	925,424
Deposits	195,687	19,009	3,917,164	-
Accrued interest	-	-	-	7,929
Interfund payables	-	-	-	7,300,000
Asset retirement obligation	-	-	2,766,190	-
Payable from restricted assets:				
Accounts payable	24,469	-	2,193,041	4,206
Retainage payable	7,548	-	626,567	8,451
Accrued interest	219,430	-	6,323,191	-
Certificate and general obligation bonds	7,396,007	-	58,214,838	413,269
Total current liabilities paid from restricted assets	7,647,454	-	67,357,637	425,926
Total current liabilities	8,898,877	66,717	86,688,372	15,361,594

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
Noncurrent liabilities:			
General obligation bonds payable	$ 54,061,521	$ 38,922,098	$ 5,995,882
Certificates of obligation	316,883,454	31,177,002	35,069,756
Revenue bonds payable	230,578,841	-	-
Asset retirement obligation	19,897,527	-	-
Compensated absences payable	239,744	42,961	59,093
Claims payable	-	-	-
Net pension liability	17,533,262	6,042,284	6,470,272
Total other post-employment benefits liability	5,197,784	2,845,691	3,106,974
Landfill closure/postclosure costs	-	-	-
Total noncurrent liabilities	644,392,133	79,030,036	50,701,977
Total liabilities	699,216,170	93,443,739	59,187,015
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on refundings	754,467	-	-
Deferred pension balances	2,871,371	941,436	984,975
Deferred other post employment benefit balances	224,004	116,379	121,949
Total deferred inflows of resources	3,849,842	1,057,815	1,106,924
NET POSITION:			
Net investment in capital assets	132,924,431	212,237,058	203,919,697
Restricted for debt service	10,060,625	-	-
Restricted for capital acquisition	-	13,045,131	6,766,815
Unrestricted	57,755,153	59,056,942	38,835,616
Total net position	$ 200,740,209	$ 284,339,131	$ 249,522,128

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION (concluded)
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
Noncurrent liabilities:				
General obligation bonds payable	$ 2,887,168	$ -	$ 101,866,669	$ 186,556
Certificates of obligation	31,548,622	-	414,678,834	1,370,077
Revenue bonds payable	-	-	230,578,841	-
Asset retirement obligation	-	-	19,897,527	-
Compensated absences payable	97,826	638	440,262	125,139
Claims payable	-	-	-	2,308,460
Net pension liability	7,747,408	473,357	38,266,583	13,106,440
Total other post-employment benefits liability	3,166,875	179,827	14,497,151	5,254,893
Landfill closure/postclosure costs	10,970,382	-	10,970,382	-
Total noncurrent liabilities	56,418,281	653,822	831,196,249	22,351,565
Total liabilities	65,317,158	720,539	917,884,621	37,713,159
DEFERRED INFLOWS OF RESOURCES:				
Deferred charges on refundings	-	-	754,467	1,934,738
Deferred pension balances	1,243,818	59,563	6,101,163	1,934,738
Deferred other post employment benefit balances	133,934	7,429	603,695	244,991
Total deferred inflows of resources	1,377,752	66,992	7,459,325	4,114,467
NET POSITION:				
Net investment in capital assets	24,483,480	15,927,748	589,492,414	13,169,511
Restricted for debt service	-	-	10,060,625	-
Restricted for capital acquisition	-	2,806,346	22,618,292	1,710,136
Unrestricted	5,237,972	3,244,295	164,129,978	(2,800,562)
Total net position	$ 29,721,452	$ 21,978,389	$ 786,301,309	$ 12,079,085
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.			9,225,330	
Net position of business-type activities (Exhibit I)			$ 795,526,639	

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
OPERATING REVENUES:			
Utility services	$ 233,248,967	$ 37,057,130	$ 29,193,400
Charges for goods and services	-	-	-
Other fees	9,188,244	1,305,976	1,427,097
Miscellaneous	-	-	-
Total operating revenues	242,437,211	38,363,106	30,620,497
OPERATING EXPENSES:			
Operating expenses before depreciation	197,841,218	19,181,820	19,720,085
Depreciation	22,712,226	8,302,616	8,399,869
Total operating expenses	220,553,444	27,484,436	28,119,954
Operating income (loss)	21,883,767	10,878,670	2,500,543
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue	3,649,893	2,504,272	1,698,530
Interest expense and fiscal charges	(13,439,903)	(1,934,582)	(722,099)
Impact fee revenue	-	7,523,794	4,421,613
Gain (loss) on disposal of capital assets	(1,012,532)	-	(154,438)
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	-	119,711	1,031,660
Total non-operating revenues (expenses)	(10,802,542)	8,213,195	6,275,266
Income (loss) before contributions and transfers	11,081,225	19,091,865	8,775,809
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	6,018,228	10,020,848
Transfers in	-	2,403,614	347,187
Transfers out	(762,234)	(1,495,614)	(1,227,107)
Total contributions and transfers	(762,234)	6,926,228	9,140,928
Change in net position	10,318,991	26,018,093	17,916,737
Net position at beginning of year	190,421,218	258,321,038	231,605,391
Total net position at end of year	$ 200,740,209	$ 284,339,131	$ 249,522,128

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:				
Utility services	$ 34,431,364	$ -	$ 333,930,861	$ -
Charges for goods and services	-	1,068,476	1,068,476	78,134,093
Other fees	239,155	-	12,160,472	-
Miscellaneous	-	15,780	15,780	1,226,534
Total operating revenues	34,670,519	1,084,256	347,175,589	79,360,627
OPERATING EXPENSES:				
Operating expenses before depreciation	22,508,634	1,399,610	260,651,367	78,550,034
Depreciation	6,300,870	603,769	46,319,350	2,067,286
Total operating expenses	28,809,504	2,003,379	306,970,717	80,617,320
Operating income (loss)	5,861,015	(919,123)	40,204,872	(1,256,693)
NON-OPERATING REVENUES (EXPENSES):				
Investment revenue	935,346	238,672	9,026,713	594,071
Interest expense and fiscal charges	(1,178,483)	-	(17,275,067)	(23,976)
Impact fee revenue	-	-	11,945,407	-
Gain (loss) on disposal of capital assets	(58,653)	-	(1,225,623)	-
Gas well revenues	-	313,325	313,325	-
Other non-operating revenues (expenses)	11,354	417	1,163,142	14,320
Total non-operating revenues (expenses)	(290,436)	552,414	3,947,897	584,415
Income (loss) before contributions and transfers	5,570,579	(366,709)	44,152,769	(672,278)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	-	16,039,076	-
Transfers in	112,677	-	2,863,478	29,626
Transfers out	(347,187)	(50,000)	(3,882,142)	(3,254,062)
Total contributions and transfers	(234,510)	(50,000)	15,020,412	(3,224,436)
Change in net position	5,336,069	(416,709)	59,173,181	(3,896,714)
Net position at beginning of year	24,385,383	22,395,098	727,128,128	15,975,799
Total net position at end of year	$ 29,721,452	$ 21,978,389	$ 786,301,309	$ 12,079,085

Change in fund net position of proprietary funds	59,173,181
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.	(2,389,856)
Change in net position of business-type activities (Exhibit II)	$ 56,783,325

The notes to the basic financial statements are an integral part of this statement. (concluded)

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 233,791,131	$ 36,129,340	$ 30,906,766
Cash paid to employees for services	(17,795,822)	(7,626,693)	(7,829,614)
Cash paid to suppliers	(152,190,715)	(9,457,981)	(11,027,455)
Net cash provided (used) by operating activities	63,804,594	19,044,666	12,049,697
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(762,234)	(1,495,614)	(1,114,429)
Transfers in	-	-	-
Proceeds from issuance of non-capital debt	28,738,939	-	-
Principal payments on non-capital debt	(34,745,000)	-	-
Interest and fiscal charges on non-capital debt	(1,967,313)	-	-
Net cash provided (used) by noncapital financing activities:	(8,735,608)	(1,495,614)	(1,114,429)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	7,620,917	3,011,168	9,842,962
Principal payments on capital debt	(14,200,000)	(9,290,000)	(5,190,000)
Interest and fiscal charges	(16,245,238)	(2,906,010)	(1,134,981)
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	7,523,794	4,421,613
Proceeds from sale or reimbursement of capital assets	-	-	-
Acquisition and construction of capital assets	(47,237,458)	(9,971,433)	(7,554,932)
Net cash provided (used) by capital financing activities	(70,061,779)	(11,632,481)	384,662
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	74,112,973	38,028,013	19,335,847
Purchase of investment securities	(86,858,675)	(58,843,559)	(38,994,173)
Interest received on investments	3,810,498	2,541,449	1,691,320
Net cash provided (used) by investing activities	(8,935,204)	(18,274,097)	(17,967,006)
Net increase in cash and cash equivalents	(23,927,997)	(12,357,526)	(6,647,076)
Cash and cash equivalents at beginning of year	44,321,467	27,477,404	17,500,300
Cash and cash equivalents at end of year	20,393,470	15,119,878	10,853,224
Investments, at fair value (Note IV.A.)	106,497,959	78,923,954	56,675,704
Cash, cash equivalents and investments, at fair value	$ 126,891,429	$ 94,043,832	$ 67,528,928
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 21,883,767	$ 10,878,670	$ 2,500,543
Adjustments:			
Depreciation expense	22,712,226	8,302,616	8,399,869
Decrease (Increase) in receivables	(2,813,061)	(1,987,375)	290,959
Increase in interfund receivables	(1,727,377)	(246,391)	(4,690)
Increase in inventories	-	-	-
Decrease in prepaid items	12,922,056	-	-
Increase in other assets	(8,312,798)	-	-
Increase in escrow deposits	-	-	-
Increase (Decrease) in accounts payable	(612,368)	1,627,584	345,694
Decrease in unearned revenue	(4,105,642)	-	-
Increase (Decrease) in compensated absences payable	(86,546)	(70,403)	(13,271)
Increase in net municipal pension balances	929,894	334,054	334,251
Increase in other post-employment benefit balances	350,726	205,911	196,342
Increase in closure/postclosure liability	-	-	-
Increase in interfund payables	-	-	-
Increase in asset retirement obligations	22,663,717	-	-
Total adjustments	41,920,827	8,165,996	9,549,154
Net cash provided (used) by operating activities	$ 63,804,594	$ 19,044,666	$ 12,049,697
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Increase in fair value of investments	1,030,792	684,921	459,122
Increase in equity due to non-cash transfers	-	2,403,614	-
Capital asset contributions	-	6,018,228	10,020,848

The notes to the basic financial statements are an integral part of this statement.

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 34,633,510	$ 1,075,303	$ 336,536,050	$ 79,352,267
Cash paid to employees for services	(9,616,893)	(501,861)	(43,370,883)	(19,568,967)
Cash paid to suppliers	(13,240,703)	(855,582)	(186,772,436)	(54,594,789)
Net cash provided (used) by operating activities	11,775,914	(282,140)	106,392,731	5,188,511
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	(50,000)	(3,422,277)	(850,448)
Transfers in	-	-	-	29,626
Proceeds from issuance of non-capital debt	-	-	28,738,939	-
Principal payments on non-capital debt	-	-	(34,745,000)	-
Interest and fiscal charges on non-capital debt	-	-	(1,967,313)	-
Net cash provided (used) by noncapital financing activities:	-	(50,000)	(11,395,651)	(820,822)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	-	-	20,475,047	1,603,317
Principal payments on capital debt	(7,090,020)	-	(35,770,020)	(284,512)
Interest and fiscal charges	(1,831,899)	-	(22,118,128)	(26,566)
Proceeds from gas wells	-	409,704	409,704	-
Proceeds from impact fees	-	-	11,945,407	-
Proceeds from sale or reimbursement of capital assets	-	346,218	346,218	-
Acquisition and construction of capital assets	(6,192,247)	(259,343)	(71,215,413)	(8,647,664)
Net cash provided (used) by capital financing activities	(15,114,166)	496,579	(95,927,185)	(7,355,425)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	18,971,482	2,945,587	153,393,902	12,598,995
Purchase of investment securities	(23,038,817)	(4,258,339)	(211,993,563)	(14,152,763)
Interest received on investments	976,433	242,086	9,261,786	622,623
Net cash provided (used) by investing activities	(3,090,902)	(1,070,666)	(49,337,875)	(931,145)
Net increase in cash and cash equivalents	(6,429,154)	(906,227)	(50,267,980)	(3,918,881)
Cash and cash equivalents at beginning of year	12,116,095	1,945,750	103,361,016	7,474,323
Cash and cash equivalents at end of year	5,686,941	1,039,523	53,093,036	3,555,442
Investments, at fair value (Note IV.A.)	29,694,982	5,428,553	277,221,152	16,770,245
Cash, cash equivalents and investments, at fair value	$ 35,381,923	$ 6,468,076	$ 330,314,188	$ 20,325,687
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 5,861,015	$ (919,123)	$ 40,204,872	$ (1,256,693)
Adjustments:				
Depreciation expense	6,300,870	603,769	46,319,350	2,067,286
Decrease (Increase) in receivables	(22,698)	(8,953)	(4,541,128)	(8,360)
Decrease (Increase) in interfund receivables	-	-	(1,978,458)	-
Decrease in inventories	-	-	-	(1,690,298)
Increase in prepaid items	-	-	12,922,056	27,490
Decrease in other assets	-	-	(8,312,798)	-
Increase in escrow deposits	-	-	-	(12,000)
Increase (Decrease) in accounts payable	(974,791)	16,026	402,145	2,438,342
Decrease in unearned revenue	-	-	(4,105,642)	-
Increase (Decrease) in compensated absences payable	(44,946)	(5,170)	(220,336)	250,420
Decrease in net municipal pension balances	386,192	19,527	2,003,918	845,193
Increase in other post-employment benefit balances	211,278	11,784	976,041	292,131
Increase in closure/postclosure liability	58,994	-	58,994	-
Decrease in interfund payables	-	-	-	2,235,000
Increase in asset retirement obligations	-	-	22,663,717	-
Total adjustments	5,914,899	636,983	66,187,859	6,445,204
Net cash provided (used) by operating activities	$ 11,775,914	$ (282,140)	$ 106,392,731	$ 5,188,511
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:				
Increase in fair value of investments	283,851	47,937	2,506,623	165,466
Increase in equity due to non-cash transfers	-	-	2,403,614	(2,403,614)
Capital asset contributions	-	-	16,039,076	-

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit XI**
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF SEPTEMBER 30, 2019

	Agency Fund
ASSETS:	
Cash, cash equivalents and investments, at fair value	**$ 160,031**
Total assets	**$ 160,031**
LIABILITIES:	
Accounts payable	**$ 160,031**
Total liabilities	**$ 160,031**

The notes to the basic financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

An elected seven-member council consisting of a mayor and six councilpersons govern the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2019.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined)

for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The City's fiduciary funds are presented in the fund financial statements. By definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, and as such, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, and susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary-basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, and finance.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

The materials management fund accounts for the financing of the goods and services of the purchasing department as well as the management and inventory of the City warehouse activities.

The fleet services fund accounts for the financing of goods and services provided by the activities of the City garage and machine shop to other departments.

The health insurance fund accounts for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, and dental and vision insurances.

The risk retention fund accounts for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City departments.

The technology services fund accounts for financing and management of technology equipment, software, and services such as programming, support, training, maintenance, and office services to City departments.

The engineering services fund accounts for providing engineering, real estate, public works inspection, and development review services primarily to City departments although some services are provided to and paid by external entities.

The customer service fund accounts for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect

services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Agency funds are used to account for the payment of developers' escrow funds and other similar liabilities. The City holds the assets in an agency capacity for individuals, private organizations or other governments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget in order to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Recreation Fund, Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides for the City Manager to transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds that is generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds. For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders and contracts). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget, reducing the available appropriations for additional expenditures.

E. Assets, Liabilities and Net Position or Equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange.

The City uses a pooled cash and investment fund to hold and account for all of the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individual funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds on a monthly basis.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade, property tax receivables, and municipal court receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed at September 30, 2019.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. Most of these balances are due to payments into an account for energy settlements in the Electric Fund and health claims in the Employee Insurance Fund.

5. Other Assets

Certain costs applicable to future accounting periods are recorded as other assets. In the prior fiscal year the City partially impaired its TMPA prepaid purchase power due to a change in seasonality generation, and in the current fiscal year the remainder was fully impaired due to a permanent closure in generation. The impaired amount was recorded as an Other Asset (regulatory) to be amortized over 7.5 years in the electric fund, of which 5.5 years is remaining in the electric fund to be recovered through rate revenues. See note V.E. *Agreement with TMPA* for further information regarding TMPA.

6. Restricted assets

Certain proceeds of the City's governmental and proprietary fund general obligation bonds and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and also shown as restricted on the balance sheet of the Water and Wastewater funds.

7. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities and enterprise funds is included as part of the capitalized value of the assets constructed. For 2019, net interest capitalization of $8,613,379 was recorded for electric fund projects, $518,435 for water fund projects, $573,579 for wastewater fund projects, and $73,534 for solid waste fund projects.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

8. Compensated absences

The City allows full-time employees to accumulate unused vacation up to 320 hours (480 for Civil Service Fire employees.) Upon termination, any accumulated vacation time will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate for payout unused sick leave up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

9. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax

code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability. There were no arbitrage payments in the current fiscal year.

10. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other post-employment benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City also contributes up to $200 per month, based on years of service, toward the cost of retiree coverage. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – includes amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprises amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund to report a positive unassigned fund balance amount. However, other governmental funds may report a negative unassigned fund balance as necessary if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

14. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of budgeted expenditures. An additional 5% resiliency reserve (25% combined total) may be maintained to safeguard against unusual financial circumstances or economic downturns.

15. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension deficit earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2018) and will be fully recognized in the next period on the next measurement date (December 2019).
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial gains reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds." The details of this ($8,965,364) difference are as shown on the following page:

Debt issued or incurred:	
Issuance of general obligation debt	$(18,015,000)
Issuance of certificates of obligation	(7,855,000)
Principal repayments:	
General obligation debt principal retirement	9,905,466
Certificates of obligation principal retirement	6,995,000
Lease obligations principal retirement	4,170
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (8,965,364)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position." The details of this $8,549,557 difference are as follows:

Net effect of transactions involving asset retirements/disposals	$ (45,086)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources	8,594,643
Net adjustment to increase net changes in fund balances - total governmental funds	$ 8,549,557

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the ($5,550,318) difference are as follows:

Compensated absences	$ (360,236)
Net pension liability	(23,870,625)
Municipal pension deferred actuarial gains/losses	19,475,874
Municipal pension deferred contributions	636,078
Municipal pension deferred assumption changes	(196,113)
Municipal pension deferred economic differences	429,406
Total OPEB liability	(390,602)
OPEB deferred contributions	(104,361)
OPEB deferred assumption changes	(1,100,026)
OPEB deferred economic differences	(11,709)
Accrued interest	(58,004)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (5,550,318)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The Criminal Justice fund had deficit fund balances of ($1,127) at September 30, 2019. The deficit was a result of reimbursement timing and clears in fiscal year 2019-2020. The Risk Retention, Engineering Services, and Customer Service internal service funds had deficit net positions of ($761,116), ($2,255,282), and ($2,575,702), respectively, due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and GASB Statement No.75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"(OPEB)* which resulted in an increase in the net pension liability and the total OPEB liability in the prior years during implementation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $95,811,405 in cash and cash equivalents of which $160,031 is included in the agency funds and $12,318 in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, municipal securities of any state rated A or better, certificates of deposit (fully collateralized, insured, and standby letters of credit backed), and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 270 days. The City's investment policy may further restrict those investment options. The investments reported on September 30, 2019 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2019, the City's investments carried a fair value of $594,887,658, of which $94,609,584 is in a local governmental investment pool which the City classifies in the financial statements as cash equivalents.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires

additional disclosures about fair value measurements. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input significant to the entire measurement.

At September 30, 2019, the City had the following recurring fair value investments:

		Fair Value Measurement Method			
	9/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments Measured at Amortized Cost:					
TexSTAR - Investment Pool	69,555,390			11.69%	1
TexPool - Investment Pool	25,054,194			4.21%	1
Certificates of Deposit	5,000,000			0.84%	128
Investments by Fair Value Level:					
Debt Securities:					
U.S. Treasury Securities	160,421,080	160,421,080	-	26.97%	420
U.S. Agency Securities	293,474,372	110,958,425	182,515,947	49.34%	330
Commercial Paper	37,382,622	-	37,382,622	6.28%	90
Municipal Bonds - Coupon	4,000,000	-	4,000,000	0.67%	1
Total Investments	$ 594,887,658	$ 271,379,505	$ 223,898,569		
Portfolio Weighted Average Maturity					283

Of the investments recorded at fair value, $329,526,648 used the documented trade history in exact security pricing model, $24,785,000 used the option-adjusted discounted cash flow pricing model, and $140,966,426 used the present value of expected future cash flow pricing model.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including agencies, municipalities, counties, and other political subdivisions) with a rating not less than AA, certificates of deposits and savings deposits (fully insured, collateralized, or standby letter of credit backed), fully collateralized repurchase agreements, local public fund investment pools with a dollar weighted average maturity of 60 days or less, U.S. government money market mutual funds with a dollar weighted average maturity of 60 days or less and a stable net asset value of $1 for each share, and commercial paper that has a maturity of 270 days or less and

a minimum rating of A-1, P-1, or an equivalent rating by at least two nationally recognized rating agencies. The City's investments in TexSTAR were rated "AAAm" by Standard & Poor's.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2018, the bank balance for deposits was $2,690,087 and was fully collateralized by the City's third party custodian, BNY Mellon.

Concentration of Credit Risk. The City's investment policy minimizes the risk of potential loss by diversifying investment types according to the following limitations based on value: U.S. Treasury bills/notes/bonds (100%), U.S. Agencies and Instrumentalities (100%), State of Texas Obligations – including agencies and local governments (15%), local government investment pools (50% in government securities and 15% in prime securities), repurchase agreements (20%), certificates of deposit (35%), savings deposits (15%), U.S. Money Market Mutual Funds (50%), callable U.S. Agencies and Instrumentalities (20%), and commercial paper (15%).

Local Government Investment Pools. During the year, the City invested in two public fund investment pools, TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds, which may be redeemed daily. As the redemption period is only one day or less, the City classifies these balances in the financials as cash equivalent. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency affecting the pool's liquidity. The City has no unfunded commitments related to the investment pool.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	$ 22,216,189	$ 4,445,231	$ 158,085,967	$ 20,804,142
Change in fair value	79,453	15,897	565,390	74,408
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	$ 22,295,642	$ 4,461,128	$ 158,651,357	$ 20,878,550

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	$ 61,770,649	$ 51,826,872	$ 37,484,013	$ 9,866,780
Change in fair value	220,921	185,357	134,061	35,288
Restricted investments	44,347,779	26,815,818	18,989,714	19,722,377
Change in fair value	158,610	95,907	67,916	70,537
Total	$ 106,497,959	$ 78,923,954	$ 56,675,704	$ 29,694,982

	Airport	Internal Service Funds	Total City Investments
Unrestricted investments	$ 3,071,752	$ 15,286,080	$ 384,857,675
Change in fair value	10,986	54,669	1,376,430
Restricted investments	2,337,455	1,424,402	113,637,545
Change in fair value	8,360	5,094	406,424
Total	$ 5,428,553	$ 16,770,245	$ 500,278,074

B. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which is sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2019 were 99.19% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2019, the City had a tax rate of $0.620477 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.879523. Additional revenues up to $212,660,404 could be raised per year based on the current year's certified assessed value of $11,314,594,406 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2019, the total assessed value of $170,678,753 after supplemental adjustments for TIRZ #1 was an increase of $91,321,899

over the base fiscal year 2011 assessed value and resulted in $538,300 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2019, the assessed value of $72,165,650 after supplemental adjustments was an increase of $72,046,192 over the base fiscal year 2014 assessed value and resulted in $178,812 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County's tax rate, $65,007 of property tax revenue was generated for Fiscal Year 2019.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City's northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2019 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Electric
Receivables:					
Taxes	$ 8,549,881	$ 530,696	$ -	$ 312,172	$ -
Accounts	224,911	-	-	33,179	14,672,678
Accrued interest	107,660	21,542	766,082	100,820	514,249
Unbilled utility service	-	-	-	-	11,286,978
Other - EMS Services	6,217,205	-	-	-	-
Other	2,918,309	-	23,868	11,992	7,258,831
Gross receivables	18,017,966	552,238	789,950	458,163	33,732,736
Less: Allowance for uncollectibles	(7,418,470)	(152,440)	-	(18,431)	(931,860)
Net total receivables	$10,599,496	$ 399,798	$ 789,950	$ 439,732	$ 32,800,876

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 9,392,749
Accounts	2,810,792	1,564,778	1,769,992	61,270	33,818	21,171,418
Accrued interest	381,102	273,671	143,388	26,213	80,980	2,415,707
Unbilled utility service	3,476,604	1,862,164	1,667,964	-	-	18,293,710
Other - EMS Services	-	-	-	-	-	6,217,205
Other	-	-	-	84,334	84,628	10,381,962
Gross receivables	6,668,498	3,700,613	3,581,344	171,817	199,426	67,872,751
Less: Allowance for uncollectibles	(178,512)	(99,379)	(112,413)	(3,891)	(2,148)	(8,917,544)
Net total receivables	$ 6,489,986	$ 3,601,234	$ 3,468,931	$ 167,926	$ 197,278	$ 58,955,207

D. Capital Assets

Capital asset balances and transactions for the year ended September 30, 2019 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2018	Increases	Transfers and Decreases	Balance at September 30, 2019
Capital assets not being depreciated:				
Land	$ 22,243,771	$ -	$ -	$ 22,243,771
Construction in progress	86,858,308	73,132,501	(27,343,270)	132,647,539
Total capital assets not being depreciated	109,102,079	73,132,501	(27,343,270)	154,891,310
Capital assets being depreciated:				
Buildings	72,342,584	7,289,662	-	79,632,246
Infrastructure	286,723,512	18,144,663	-	304,868,175
Machinery, equipment, and other improvements	114,218,006	10,834,097	(2,161,112)	122,890,991
Total capital assets being depreciated	473,284,102	36,268,422	(2,161,112)	507,391,412
Less accumulated depreciation for:				
Buildings	28,356,630	1,786,075	-	30,142,705
Infrastructure	171,821,518	10,333,176	-	182,154,694
Machinery, equipment, and other improvements	71,236,609	8,559,058	(2,222,885)	77,572,782
Total accumulated depreciation	271,414,757	20,678,309	(2,222,885)	289,870,181
Total capital assets, being depreciated, net	201,869,345	15,590,113	61,773	217,521,231
Governmental activities capital assets, net	$ 310,971,424	$ 88,722,614	$ (27,281,497)	$ 372,412,541

(continued)

Business-type activities:	Balance at October 1, 2018	Increases	Transfers and Decreases	Balance at September 30, 2019
Capital assets not being depreciated:				
Land	$ 49,287,184	$ 12,174,881	$ -	$ 61,462,065
Construction in progress	389,024,110	74,135,500	(277,965,644)	185,193,966
Total capital assets not being depreciated	438,311,294	86,310,381	(277,965,644)	246,656,031
Capital assets being depreciated:				
Buildings	26,487,889	13,683,213	-	40,171,102
Landfill improvements	25,951,948	3,849,957	(1,628,314)	28,173,591
Water rights	69,883,098	-	-	69,883,098
Infrastructure	548,888,068	28,391,189	-	577,279,257
Plant, machinery, equipment, and other improvements	538,858,133	233,802,317	(2,654,780)	770,005,670
Total capital assets being depreciated	1,210,069,136	279,726,676	(4,283,094)	1,485,512,718
Less accumulated depreciation for:				
Buildings	8,635,757	1,134,016	-	9,769,773
Landfill improvements	23,781,934	1,730,196	(1,569,661)	23,942,469
Water rights	20,444,384	695,989	-	21,140,373
Infrastructure	168,573,240	13,538,800	-	182,112,040
Plant, machinery, equipment, and other improvements	202,840,684	29,220,349	(1,415,809)	230,645,224
Total accumulated depreciation	424,275,999	46,319,350	(2,985,470)	467,609,879
Total capital assets, being depreciated, net	785,793,137	233,407,326	(1,297,624)	1,017,902,839
Business-type activities capital assets, net	$1,224,104,431	$ 319,717,707	$ (279,263,268)	$ 1,264,558,870

Transfers and decreases include $412,646 ($340,646 in related accumulated depreciation) transferred from Business-Type to Governmental Activities Equipment.

Depreciation expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 2,532,208
Public Safety	3,704,807
Public Works	10,073,672
Parks & Recreation	2,300,336
Capital assets held by the internal service funds are charged to the various functions based upon usage	2,067,286
Total depreciation expense - governmental activities	$ 20,678,309
Business-type activities:	
Electric	$ 22,712,226
Water	8,302,616
Wastewater	8,399,869
Solid Waste	6,300,870
Airport	603,769
Total depreciation expense - business-type activities	$ 46,319,350

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2019. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
Lake Lewisville Water Treatment Plant Solids Handling	$ 615,559	$ 8,124,640
Mayhill Phase 4 Construction	30,774,881	7,667,783
North/South Water Main, Phase 2	2,140,964	6,570,021
Bonnie Brae South Construction	11,663,868	5,646,923
Hickory Creek Widening, FM2181 to Riverpass	1,033,140	5,273,620
Water Line - Allred to John Pain Rd	612,899	4,950,832
Hickory Creek Lift Station Upgrade	311,146	3,131,810
Drainage PEC 4 - Phase 2	96	2,355,064
Drainage PEC 4 - Locust and Highland	2,837,277	2,107,977
McKinney Street Widening	3,834,606	1,858,071
Radio Communications System	3,872,773	1,659,760
Locust Street and Drainage Project (Wastewater Utilities)	467,078	1,567,015
Bonnie Brae Widening - Phase 6 2nd Arterial (University to Windsor)	882,423	1,550,284
Elm Street and Drainage Project (Wastewater Utilities)	285,599	1,333,450
Bonnie Brae Widening - Phase 6 2nd Arterial (I-35 to Scripture)	7,337,321	1,121,403
Computer Aided Dispatch System Replacement	1,053,364	1,089,648
Locust Street and Drainage Project (Water Utilities)	260,758	1,082,014

E. Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2019, is as follows:

	Interfund Receivables:				
	Governmental Major Funds	Business-Type Major Funds			
Interfund Payables:	General Fund	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ 211	$ -	$ -	$ -	$ 211
Internal Service Funds	681	5,501	912	206	7,300
Total	$ 892	$ 5,501	$ 912	$ 206	$ 7,511

The more significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 5,500,830
Water fund	Internal service funds-materials management	912,180
General fund	Non-Major Governmental Funds	211,221
General fund	Internal service funds-materials management	681,308
Wastewater fund	Internal service funds-materials management	205,682

The outstanding balances between the Electric, Water, Wastewater, and General Fund related to the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases. The outstanding balance between the General Fund and the Non-Major Governmental Funds is due to reimbursement timing from outside sources.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:									
	Governmental Major Funds			Business-Type Major Funds						
Transfers In:	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:										
General Fund	$ -	$ 1,100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,100
Debt Service Fund	-	-	129	-	-	-	-	-	-	129
Capital Projects Fund	1,657	-	3,974	27	1,296	1,013	-	-	831	8,798
Non-Major Governmental Funds	3,366	-	-	735	200	100	-	50	-	4,451
Water Fund	-	-	-	-	-	-	-	-	2,404	2,404
Wastewater Fund	-	-	-	-	-	-	347	-	-	347
Solid Waste Fund	-	-	-	-	-	113	-	-	-	113
Internal Service Funds	6	2	1	-	-	1	-	-	19	29
Total	$ 5,029	$ 1,102	$ 4,104	$ 762	$ 1,496	$ 1,227	$ 347	$ 50	$ 3,254	$17,371

The more significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
General Fund	Non-Major Gov't – Recreation	$3,076,517
Non-Major Gov't – Other Special Revenue Funds	Capital Projects	2,994,737
Internal Service - Customer Service	Water	2,403,614
General Fund	Capital Projects	1,657,222
Water	Capital Projects	1,295,751
Capital Projects	General Fund	1,100,000
Wastewater	Capital Projects	1,013,000

Transfers from the General Fund to the Non-Major Governmental Fund – Recreation were an operating subsidy as part of centralizing Park recreation programs all in the Recreation Fund. Transfers from the General Fund, from the Non-Major Governmental Fund – Other Special Revenue Funds, from the Water Fund, and from the Wastewater Fund to the Capital Projects Fund were to fund capital projects such as streets and building renovations. Transfers from the Internal Service – Customer Service Fund to the Water Fund were part of moving customer service activities out of the Water Fund and establishing them in the new Internal Service Fund for customer service, mainly due to moving related long-term liabilities. Transfers from the Capital Projects Fund to the General Fund were to reimburse the General Fund for projects previously funded in fiscal year 2017-18.

F. Leases

Leases payable for the acquisition of equipment under lease purchase agreements the fiscal year ending September 30, 2019 are zero. During the current fiscal year, the last payment under these leases in the amount of $4,171 were made in the General Fund.

G. Long-term Debt

Long-term liabilities transactions for the year ended September 30, 2019 are summarized as follows below and on the following pages:

	Balance at October 1, 2018	Increases	Decreases / Transfers	Balance at September 30, 2019	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 127,647,935	$ 18,015,000	$ 10,154,978	$ 135,507,957	$ 10,475,424
Certificates of obligation	81,200,000	9,390,000	7,030,000	83,560,000	7,840,000
Obligations under capital leases	4,171	-	4,171	-	-
Compensated absences payable	12,578,005	8,489,312	7,768,440	13,298,877	6,544,774
Claims payable	4,783,518	22,904,121	23,093,348	4,594,291	2,285,831
Net pension liability	53,542,658	29,799,938	(1,472,981)	84,815,577	-
Other post employment benefits	27,625,731	487,265	(1,017,680)	29,130,676	-
Unamortized premium/(discounts)	12,515,724	2,074,660	1,840,998	12,749,386	1,802,427
Total governmental long-term liabilities	$ 319,897,742	$ 91,160,296	$ 47,401,274	$ 363,656,764	$ 28,948,456

	Balance at October 1, 2018	Increases	Decreases / Transfers	Balance at September 30, 2019	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 214,890,000	$ -	$ -	$ 214,890,000	$ 7,580,000
General obligation bonds	111,347,065	26,325,000	18,990,022	118,682,043	23,864,576
Certificates of obligation	447,050,000	19,365,000	51,525,000	414,890,000	19,695,000
Compensated absences payable	3,017,658	2,189,760	2,520,312	2,687,106	2,246,844
Net pension liability	25,521,789	14,217,775	1,472,981	38,266,583	-
Other post employment benefits	15,275,152	239,679	1,017,680	14,497,151	-
Asset retirement obligation	-	22,663,717	-	22,663,717	2,766,190
Landfill closure/post-closure	10,911,388	58,994	-	10,970,382	-
Unamortized premium/(discounts)	61,504,481	2,673,275	7,300,617	56,877,139	7,075,262
Total business-type activities	889,517,533	87,733,200	82,826,612	894,424,121	63,227,872
Total long-term liabilities	$ 1,209,415,275	$ 178,893,496	$ 130,227,886	$ 1,258,080,885	$ 92,176,328

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and net pension liability balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund, with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and Risk Retention internal service funds.

Long-term liabilities include a transfer of balances ($1,472,981 for net pension liability and $1,017,680 for other post-employment benefits) for the customer service department out of business-type activities from the Water Fund and into governmental activities for the internal service Customer Service Fund established in the current fiscal year.

General Bonded Debt - General bonded debt at September 30, 2019, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2019
General obligation	3.8 to 4.3	2010	2030	$ 4,115,000	$ 2,715,000
General obligation refunding	2.0 to 4.75	2011	2031	2,225,000	1,560,000
General obligation refunding	2.0 to 5.0	2012	2032	14,358,739	8,190,000
General obligation refunding	2.0 to 4.0	2013	2033	10,221,023	6,847,957
General obligation refunding	2.0 to 3.5	2014	2034	7,165,000	3,515,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	30,590,000
General obligation refunding	3.0 to 5.0	2016	2036	27,635,000	24,710,000
General obligation refunding	3.0 to 5.0	2017	2037	27,825,000	20,670,000
General obligation	3.0 to 5.0	2018	2038	19,235,000	18,695,000
General obligation	3.0 to 5.0	2019	2039	18,015,000	18,015,000
Total general obligation bonds				166,904,762	135,507,957
Certificates of obligation	2.0 to 5.0	2010	2030	2,790,000	540,000
Certificates of obligation	2.0 to 5.0	2011	2031	3,455,000	600,000
Certificates of obligation	2.0 to 5.0	2012	2032	4,490,000	765,000
Certificates of obligation	3.0 to 4.0	2013	2033	10,805,000	7,105,000
Certificates of obligation	2.0 to 5.0	2014	2039	8,635,000	6,445,000
Certificates of obligation	2.0 to 5.0	2015	2034	7,420,000	4,080,000
Certificates of obligation	3.0 to 5.0	2016	2036	7,190,000	5,055,000
Certificates of obligation	3.0 to 5.0	2017	2037	17,000,000	13,850,000
Certificates of obligation	3.0 to 5.0	2018	2038	9,555,000	8,740,000
Certificates of obligation	3.375 to 5.0	2018	2038	28,170,000	26,990,000
Certificates of obligation	3.0 to 5.0	2019	2049	9,390,000	9,390,000
Total certificates of obligation				108,900,000	83,560,000
Total general bonded debt				$275,804,762	$ 219,067,957

[These amounts do not include net unamortized premiums/ (discounts) of $12,749,386 nor net deferred gain/ (loss) on refunding of ($1,210,989).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In July 2019, the City issued $28,755,000 ($19,365,000 of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund ($7,855,000), the Technology Services Fund (1,535,000), the Electric Fund ($7,370,000), the Water Fund ($2,810,000), and the Wastewater Fund ($9,185,000).

In July 2019, the City issued $44,340,000 ($26,325,000 of which is included as part of business-type activities) of general obligation refunding and improvement bonds. The $18,015,000 for the improvement portion of the bonds was issued to pay the costs of various capital improvements in the Capital Projects Fund. The refunding portion of the bonds' reacquisition price fell below the net carrying amount of the old debt by $833,459, all of which is reported as a deferred gain in business-type activities for the Electric Fund. This

amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over 6 years by $2,318,499 and resulted in a net present value savings of $2,213,647.

Business-type Revenue Bonds – Revenue bond debt at September 30, 2019, is comprised of the following issues:

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2019
Utility system	3.25 to 5.0	2017	2037	$ 214,890,000	$ 214,890,000
Total revenue bonds				$ 214,890,000	$ 214,890,000

[These amounts do not include net unamortized premiums/ (discounts) of $25,638,922.]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the related interest and sinking fund. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless certain financial ratios are met. Management believes the City is in compliance with all significant requirements. The interest and sinking fund had a net position balance of $10,060,625 as of September 30, 2019 and is restricted for debt service. On September 30, 2019, the City had no revenue bonds considered defeased but still outstanding.

Business-type General Obligation Bonds and Certificates of Obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, and solid waste funds at September 30, 2019, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2019
General obligation refunding	3.0 to 5.0	2010	2022	$ 35,815,000	$ 10,760,000
General obligation refunding	2.0 to 4.75	2011	2031	8,620,000	1,105,000
General obligation refunding	2.0 to 5.0	2012	2032	19,231,261	9,425,000
General obligation refunding	2.0 to 4.0	2013	2033	513,977	312,043
General obligation refunding	3.0 to 5.0	2014A	2039	27,155,000	19,885,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	840,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	16,190,000
General obligation refunding	3.0 to 5.0	2016	2028	1,295,000	1,130,000
General obligation refunding	3.0 to 5.0	2016A	2030	38,425,000	31,955,000
General obligation refunding	3.0 to 5.0	2017	2022	1,280,000	755,000
General obligation refunding	3.0 to 5.0	2019	2039	26,325,000	26,325,000
Total general obligation bonds				194,135,238	118,682,043
Certificates of obligation	2.0 to 5.0	2010	2030	58,295,000	35,075,000
Certificates of obligation	2.0 to 5.0	2011	2031	28,645,000	17,160,000
Certificates of obligation	2.0 to 5.0	2012	2032	40,185,000	26,275,000
Certificates of obligation	3.0 to 4.0	2013	2033	52,715,000	36,400,000
Certificates of obligation	2.0 to 5.0	2014	2039	80,545,000	67,615,000
Certificates of obligation	2.0 to 5.0	2015	2034	85,595,000	74,605,000
Certificates of obligation	3.0 to 5.0	2016	2046	76,115,000	68,835,000
Certificates of obligation	3.0 to 5.0	2017	2047	73,800,000	68,300,000
Certificates of obligation	3.375 to 5.0	2018	2028	1,375,000	1,260,000
Certificates of obligation	3.0 to 5.0	2019	2049	19,365,000	19,365,000
Total certificates of obligation				516,635,000	414,890,000
Total business-type G.O./C.O.				$ 710,770,238	$ 533,572,043

[These amounts do not include net unamortized premiums/ (discounts) of $31,238,217 nor net deferred gain/ (loss) on refunding of ($1,974,772).]

Schedule of Long-term Debt Maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2019 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Capital Leases		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 10,475,424	$ 5,028,763	$ 7,840,000	$ 3,370,244	$ -	$ -	$ 18,315,424	$ 8,399,007
2021	10,580,678	4,586,657	7,375,000	3,049,881	-	-	17,955,678	7,636,538
2022	10,125,878	4,131,214	6,915,000	2,730,494	-	-	17,040,878	6,861,708
2023	9,261,262	3,703,009	5,730,000	2,446,244	-	-	14,991,262	6,149,253
2024	9,121,703	3,300,809	5,140,000	2,200,594	-	-	14,261,703	5,501,403
2025-2029	37,803,012	11,464,464	20,490,000	7,900,391	-	-	58,293,012	19,364,855
2030-2034	30,365,000	5,487,461	18,540,000	3,778,260	-	-	48,905,000	9,265,721
2035-2039	17,775,000	1,074,785	11,530,000	781,734	-	-	29,305,000	1,856,519
Total	$ 135,507,957	$ 38,777,162	$ 83,560,000	$ 26,257,842	$ -	$ -	$ 219,067,957	$ 65,035,004

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 23,864,576	$ 4,788,888	$ 19,695,000	$ 16,749,172	$ 7,580,000	$ 10,495,500	$ 51,139,576	$ 32,033,560
2021	21,074,322	3,832,364	18,745,000	15,864,794	7,970,000	10,106,750	47,789,322	29,803,908
2022	19,344,122	2,901,245	18,385,000	14,994,056	8,375,000	9,698,125	46,104,122	27,593,426
2023	14,948,738	2,089,413	17,110,000	14,178,681	8,805,000	9,268,625	40,863,738	25,536,719
2024	13,228,297	1,448,397	17,530,000	13,382,482	9,260,000	8,817,000	40,018,297	23,647,879
2025-2029	24,316,988	2,034,390	97,650,000	54,563,809	53,695,000	36,684,625	175,661,988	93,282,824
2030-2034	1,905,000	28,575	86,715,000	33,924,764	68,840,000	21,540,250	157,460,000	55,493,589
2035-2039	-	-	57,015,000	21,054,506	50,365,000	3,861,375	107,380,000	24,915,881
2040-2044	-	-	60,670,000	10,105,719	-	-	60,670,000	10,105,719
2045-2049	-	-	21,375,000	1,005,716	-	-	21,375,000	1,005,716
Total	$ 118,682,043	$ 17,123,272	$ 414,890,000	$ 195,823,699	$ 214,890,000	$ 110,472,250	$ 748,462,043	$ 323,419,221

[These amounts do not include net unamortized premiums/ (discounts) of $69,626,525 nor net deferred gain/ (loss) on refunding of ($3,185,761).]

Bonds Authorized and Unissued

General obligation bonds authorized but unissued as of September 30, 2019 amounted to $14,665,000. When issued, the proceeds will be allocated to the applicable street and parks projects.

All bonds were issued publicly through negotiated or competitive terms with no direct placements. There is no acceleration of maturity of the bonds in the event of default, and the City has never defaulted on the payment of bonds.

H. Landfill Closure and Post-closure Cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on an updated model created by a 2017 engineering study, total landfill closure and post-closure cost increased from $20,819,218 at September 30, 2018 to $21,019,586 at September 30, 2019. The $10,970,382 reported as landfill closure and post-closure care liability as of September 30, 2019 is a $58,994 increase from the $10,911,388 liability reported on September 30, 2018. This liability represents the cumulative amount incurred to date based on the use of 52.04% of the estimated capacity of the entire landfill at September 30, 2019.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill is $18,625,793. The City will recognize the remaining estimated cost of closure and post-

closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2019. Actual cost may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 15 years, and the City expects to close the landfill in fiscal year 2034.

The solid waste fund has provided for a reservation and designation of cash and investments of $11,057,545 at September 30, 2019, and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

I. Asset retirement obligation

The electric fund has recorded an asset retirement obligation of $22,663,717 as of September 30, 2019. This entire amount is payable to Texas Municipal Power Agency (TMPA) as the City's portion of TMPA's asset retirement obligation for the Gibbons Creek power generation facility. See footnote V.E. on TMPA for more details.

V. OTHER INFORMATION

A. Pension Plans

Employee Retirement Plans

The City of Denton participates in two pension plans; Texas Municipal Retirement System (TMRS), an agent-multiple employer traditional, joint contributory, hybrid defined benefit pension plan; and the Denton Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	$ 497,298,775	$ 109,454,828	$ 606,753,603
Pension assets	396,837,219	86,834,224	483,671,443
Net pension liability	$ 100,461,556	$ 22,620,604	$ 123,082,160
Deferred outflows of resources	$ 50,582,605	$ 12,223,428	$ 62,806,033
Deferred inflows of resources	15,480,204	4,352,865	19,833,069
Pension expense	21,401,730	4,535,861	25,937,591

Texas Municipal Retirement Plan

Plan Description

The City of Denton participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly-available comprehensive annual financial report (CAFR) obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to

receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Upon retirement, benefits depend on the sum of the employee's contributions, with interest, and the city-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by each city joining TMRS, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times and employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3% annual interest, and including the matching ratio adopted by the City. Monetary credits for service since the plan began (or current service credits) are a percent (200%) of the employee's accumulated contributions. In addition, the City grants on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically recomputing the member's account balance by assuming the current member deposit rate of the City (7%) has always been in effect. The computation also assumes the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, and increased by the city match currently in effect (200%). The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted. The plan provisions also include an annually repeating basis cost of living adjustments for retires equal to 70% of the change in the consumer price index.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	644
Inactive employees entitled to but not yet receiving benefits	613
Active employees	1,265
Total	2,522

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.13% and 17.00% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $16,055,560 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS's actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 467,822,431	$ 406,215,629	$ 61,606,802
Changes for the year:			
Service cost	14,990,529	-	14,990,529
Interest	31,468,411	-	31,468,411
Difference between expected and actual experience	1,255,443	-	1,255,443
Contributions - employer	-	15,107,443	(15,107,443)
Contributions - employee	-	6,175,407	(6,175,407)
Net investment income	-	(12,175,765)	12,175,765
Benefit payments, including refunds of employee contributions	(18,238,039)	(18,238,039)	-
Administrative expense	-	(235,169)	235,169
Other changes	-	(12,287)	12,287
Net changes	29,476,344	(9,378,410)	38,854,754
Balance at 12/31/2018	$ 497,298,775	$ 396,837,219	$ 100,461,556

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 174,477,764	$ 100,461,556	$ 40,126,277

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of $21,401,730. This amount is included as part of personal services expenses.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 36,036,676	$ (15,088,984)
Contributions subsequent to the measurement date	12,328,531	-
Differences between expected and actual economic experience	2,217,398	(306,151)
Difference in assumption changes	-	(85,069)
Total	$ 50,582,605	$ (15,480,204)

$12,328,531 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the City's fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2020	$ 7,570,408
2021	3,601,210
2022	3,470,098
2023	8,132,154
2024	-
Total	$22,773,870

Denton Firemen's Relief and Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially-vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, the firefighter may retire starting on the date they would have both completed 20 years of service if they had remained a Denton firefighter and attained age 50. The present plan effective January 1, 2011 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if the firefighter had terminated employment on their selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the firefighter meets the age 52 and 22 years of service requirements and the date four years prior to the date the firefighter actually retires. Upon retirement, the member will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Employees Covered by Benefit Terms

In the December 31, 2017 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	3
Active employees	189
Total	276

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new City funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, a contribution rate of 18.5% for several years, a minimum rate standard, and City review and approval of each actuarial valuation. The December 31, 2017 actuarial valuation includes the assumption the City contribution rate will be 18.5% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2019 were $3,610,711

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects investments and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the calendar year ending December 31, 2018, the money-weighted rate of return on pension plan investments was -0.21%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Denton's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2017 and rolled forward to December 31, 2018.

Total pension liability	$ 109,454,828
Plan fiduciary net position	86,834,224
City's net pension liability	$ 22,620,604
Plan fiduciary net position as a percentage of the total pension liability	79.3%

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the

expected future net real rates of return by the target asset allocation percentage (currently resulting in 5.1%) and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.85% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	6.00%
Small/Mid Cap Domestic	10.0%	6.50%
International Developed	10.0%	6.50%
Alternatives		
Master Limited Partnerships	8.0%	8.00%
Real Estate	15.0%	4.50%
Fixed Income	10.0%	1.00%
Cash	7.0%	0.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2017 actuarial valuation showed expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 15 years. Because of the 15-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 102,845,928	$ 85,388,283	$ 17,457,645
Changes for the year:			
Service cost	3,615,495	-	3,615,495
Interest	7,049,261	-	7,049,261
Difference between expected and actual experience	-	-	-
Contributions - employer	-	3,434,007	(3,434,007)
Contributions - employee	-	2,338,837	(2,338,837)
Net investment income	-	(183,148)	183,148
Benefit payments, including refunds of employee contributions	(4,055,856)	(4,055,856)	-
Administrative expense	-	(87,899)	87,899
Net changes	6,608,900	1,445,941	5,162,959
Balance at 12/31/2018	$ 109,454,828	$ 86,834,224	$ 22,620,604

Sensitivity of the Net pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 36,371,583	$ 22,620,604	$ 11,023,429

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of $4,535,861. Amounts recognized in the fiscal year represent changes between the current and prior year measurement dates. This amount is included as part of personnel services expenses.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 6,454,881	$ (3,133,380)
Contributions subsequent to the measurement date	2,770,867	-
Differences between expected and actual economic experience	1,619,516	(1,219,485)
Difference in assumption changes	1,378,164	-
Total	$ 12,223,428	$ (4,352,865)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $2,770,867 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 and the City's fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2020	$ 1,891,803
2021	238,391
2022	705,096
2023	1,438,419
2024	238,052
Thereafter	587,935
Total	$ 5,099,696

B. Post-employment Benefits Other than Pensions (OPEB)

The City of Denton provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-employer defined benefit medical plan (Medical OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB plan. Both plans are described in detail below.

Aggregate amounts for the two OPEB plans are as follows:

	Medical OPEB	TMRS SDBF	Total
Total OPEB liability	$ 40,182,078	$ 3,445,749	$ 43,627,827
Deferred outflows of resources	$ 2,169,267	$ 442,304	$ 2,611,571
Deferred inflows of resources	1,666,243	207,294	1,873,537
OPEB expense	3,346,412	316,328	3,662,740

Medical Benefits

Plan Description

The City of Denton provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired

members. The benefits, benefit levels, and contribution rates are recommended annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after that their eligibility for the benefits ceases. However, retirees can move between plans and can add and drop dependents based on qualifying events.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Employees Covered by the Benefit Terms

In the December 31, 2017 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	0
Active employees	1,402
Total	1,525

Funding Policy

The plan premium rates are recommended annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $40 per month for each five-year increment of service, up to $200 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

Medical OPEB Liability

The City's medical OPEB liability of $40,182,078 was measured as of December 31, 2018 and determined by rolling forward the actuarial valuation as of December 31, 2017.

Actuarial Methods and Assumptions

The medical OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

Significant method and assumptions used for this fiscal year valuation were as follows:

Actuarial Assumptions

	12/31/2017
Valuation date	December 31, 2017
Actuarial cost method	Individual Entry-Age Normal Method
Discount Rate	3.31% as of December 31, 2017 3.71% as of December 31, 2018
Inflation rate	2.50% per annum
Projected salary increases	3.50% to 10.50% for TMRS, including inflation 3.00% to 9.18% for Fire, including inflation
Healthcare trend rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Mortality	**TMRS:** For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. **Firefighters:** The gender-distinct RP-2000 Combined Healthy Mortality Tables projected to 2024 with Scale AA. No additional provision is made for future improvements in mortality after the measurement date other than the margins described above.
Participation Rates	60% for retirees age 65 or older at retirement: 45% for retirees between the ages of 50 and 64 at retirement; 0% for retirees under age 50 at retirement

Changes in the Medical OPEB Liability

	Total Medical OPEB Liability
Balance at 12/31/2017	$ 39,631,890
Changes for the year:	
Service cost	1,995,008
Interest	1,329,949
Difference between expected and actual experience	(150,485)
Changes of assumptions	(1,724,923)
Benefit payments	(899,361)
Net changes	550,188
Balance at 12/31/2018	$ 40,182,078

Sensitivity of the Medical OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the medical OPEB liability if the discount rate used was 1% less than (2.71%) and 1% greater than (4.71%) the discount rate that was used (3.71%) in measuring the medical OPEB liability:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total medical OPEB liability	$ 44,667,400	$ 40,182,078	$ 36,238,525

Sensitivity of the Medical OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following schedule shows the impact of the medical OPEB liability if the healthcare trend cost rate used was 1% less than (6.50%) and 1% more than (8.50%) the healthcare cost trend rate that was used (7.50%) in measuring the medical OPEB liability:

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total medical OPEB liability	$ 36,377,186	$ 40,182,078	$ 44,699,758

Medical OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical OPEB

For the year ended September 30, 2019, the City recognized medical OPEB expense of $3,346,412. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to medical OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 133,701
Changes in actuarial assumptions	1,606,547	1,532,542
Contributions subsequent to the measurement date	562,720	-
Totals	$ 2,169,267	$ 1,666,243

Amounts reported as deferred outflows of resources related to the medical OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows/(Inflows)
2020	$ 21,455
2021	21,455
2022	21,455
2023	21,455
2024	21,455
Thereafter	(166,971)
Total	$ (59,696)

TMRS Supplemental Death Benefit Fund

Plan Description

The City of Denton voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees Covered by the Benefit Terms

In the December 31, 2018 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	504
Inactive employees entitled to but not yet receiving benefits	176
Active employees	1,265
Total	1,945

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.18% for both 2019 and 2018, of which 0.03% and 0.02%, respectively represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2019 and 2018 were $169,702 and $156,539 respectively, representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Actuarial Methods and Assumptions

The SDBF OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

	12/31/2018
Inflation rate	2.50% per annum
Discount rate	3.71%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for the future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the SDBF OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Sensitivity of the SDBF OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the SDBF OPEB liability if the discount rate used was 1% less than (2.71%) and 1% greater than (4.71%) the discount rate that was used (3.71%) in measuring the medical OPEB liability:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total SDBF OPEB liability	$ 4,117,352	$ 3,445,749	$ 2,924,926

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2019 the City reported a liability of $3,445,749 for its Total SDBF OPEB liability. The total SDBF liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City recognized SDBF OPEB expense of $316,328. There were no changes of benefit terms that affected measurement of the Total SDBF Liability during the measurement period.

Changes in the SDBF OPEB Liability

	Total SDBF OPEB Liability
Balance at 12/31/2017	$ 3,268,993
Changes for the year:	
Service cost	176,359
Interest	110,831
Difference between expected and actual experience	155,143
Changes of assumptions	(247,941)
Benefit payments	(17,636)
Net changes	176,756
Balance at 12/31/2018	$ 3,445,749

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to other SDBF post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 129,710	$ -
Changes in actuarial assumptions	181,839	207,294
Contributions subsequent to the measurement date	130,755	-
Totals	$ 442,304	$ 207,294

The $130,755 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total SDBF Liability for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to SDBF OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2020	$ 29,138
2021	29,138
2022	29,138
2023	29,138
2024	(10,778)
Thereafter	(1,519)
Total	$ 104,255

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar years 2018 and 2019, the plan, available to all permanent City employees, permitted them to defer, until future years, up to $18,500 and $19,000, respectively. Employees who are age 50 or older may contribute an additional amount of $6,000, the total not to exceed $25,000 in 2019. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $37,000 in 2018 and $38,000 in 2019. The withdrawal of deferred compensation funds is only available to employees by loan, termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City's financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance Plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the policy of the City of Denton not to purchase commercial insurance for workers' compensation claims or general liability. Commercial liability insurance coverage is purchased for airport operations, emergency medical services, take-home vehicles, and employee theft and dishonesty. Additionally, excess insurance is purchased for general liability, auto liability, public officials, and workers' compensation exposures. The City reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration settlement of claims, new claims and other factors. As of September 30, 2019 the estimated value of these liabilities was $4,594,291. Changes in balances of claims liabilities during fiscal years 2019 and 2018 were as shown as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claims Payments	Claims Liability End of Fiscal Year
Workers' Compensation				
2019	$ 1,790,669	$ 594,989	$ 349,834	$ 2,035,824
2018	1,661,902	1,040,854	912,087	1,790,669
General Liability				
2019	$ 1,017,886	$ 398,268	$ 696,018	$ 720,136
2018	844,772	440,089	266,975	1,017,886
Health Insurance				
2019	$ 1,974,963	$ 21,910,864	$ 22,047,496	$ 1,838,331
2018	1,827,339	23,276,627	23,129,003	1,974,963

On September 30, 2019, the City of Denton had a negative unrestricted net position of $761,116 in the Risk Retention Fund and an additional positive net position of $2,457,122 in the Health Insurance Fund for payment of claims, both in addition to the liability balances recorded. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and Contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35 years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues were insufficient to cover all costs and retire the outstanding debt, each of the cities guaranteed a portion of the unpaid debt based, generally, upon the pro rata share.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City’s contractual portion of TMPA’s annual fixed operating costs and debt service payments, which is currently 21.3%. As of September 30, 2019, total TMPA long-term debt outstanding was approximately $217,658,000, all of which was transmission debt and has no effect on the term of the contract. All outstanding generation debt was paid off on September 1, 2018.

In 2016 and 2017, TMPA issued requests for proposals (RFPs) regarding the proposed sale of the agency’s generation assets and a portion of the transmission assets. Certain proposals received in connection with the 2016 and 2017 RFPs were pursued, but negotiations were ultimately discontinued. In 2019, TMPA issued an RFP involving only the sale of generation assets. Proposals were received in August 2019 and are currently undergoing evaluation.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (JOA). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (PSC); (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value; (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities; (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents; and (v) dividing the operations of TMPA into three business functions (mine, generation, and transmission) and requiring separate budgets and books for each business function.

The PSC provides upon dissolution of TMPA, the assets of TMPA automatically being transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA included a reclamation plan for the mine, required the development of a decommissioning plan, and set out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. The City's payment obligations under the JOA are payable exclusively from such electric utility revenues, and constitute an operating expense of the electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended (Amendment No. 1). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System and to authorize the issuance of refunding bonds in connection with such sales. As the sale contemplated by Amendment No. 1 did not occur, by its own terms, Amendment No. 1 ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time (Amendment No. 2). The purposes of this amendment are to: continue TMPA's authority to issue mine reclamation bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize TMPA to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying cities. Pursuant to this provision, the City extended the PSC from September 1, 2018 to September 30, 2018, in order to complete the period of 2018 seasonal operation. As of September 30, 2018, the PSC had expired for all member cities.

On September 17, 2019 the JOA was amended (Amendment No. 3). The amendment defined portions specific to the generation business that had been tied to the expired PSC and clarified all board members may vote on matters involving decommissioning and the sale of the plant. It exempted financial commitments related to

bonding from the requirement to obtain approval of all Member Cities relating to certain budget increases. This is to address concerns by the Attorney General of Texas that a potential situation could arise where a Member City could interfere with TMPA's existing bond deposit requirement obligations ("bond reserve equivalent") should that obligation require a 20% increase over the previous year's budget. The amendment also allows for the sale of mine tracts only after the completion of mine reclamation. This would permit the sale of a mine tract subject to bonding provided that the conveyance reserves easements, leases, or other property rights are reserved to enable TMPA to complete reclamation.

On November 12, 2019 the JOA was amended (Amendment No. 4). This amendment modified the agreement to make it unambiguous that in the event that all mining assets are sold, all Member Cities shall remain responsible for the costs of closing the mining operation according to each's percentage share and that these are included: "all obligations are discharged with respect to mine reclamation bonds, surety bonds, banking agreements, letters of credit, and other financial commitments related to providing financial security or assurance for TMPA's mine reclamation responsibilities." Additionally, it modified the agreement by removing the cap on sales of the mining assets. The restriction that sales must be of fair market value remains.

Effective October 17, 2017, Gibbons Creek entered into a seasonal operations mode, operating during the summer months only (June-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 6, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement. The City has recorded $31,581,238 in Other Assets in the Electric fund to be amortized over the remaining 5.5 remaining years.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2019	2018
	(000s)	(000s)
Operating revenues	$ 53,306	$ 175,471
Operating expenses	152,062	68,769
Operating income	(98,756)	106,702
Other non-operating sources (uses)	107,438	6,785
Current unrestricted assets	47,559	54,506
Total assets and deferred outflows	366,203	269,423
Long-term debt – Noncurrent	213,298	214,487
Total liabilities	381,676	255,208
Total net position	(15,473)	14,215

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Power Purchase Agreements

Following is a list of power purchase agreements in effect as of the publication date of these financial statements as well as agreements entered into subsequent to year. The information provided is all that is allowed under the confidentiality provision(s) of the particular agreements.

Denton Power, Landfill-Gas Combustor - In 2008, the City entered into a 16 year power purchase agreement with Denton Power, LLC. Under the agreement, the City purchases 1.6 MW of output from a landfill gas-fired electric generating facility located at the City's landfill.

NextEra - In 2009, the City entered into a power purchase agreement for firm energy and associated renewable energy credits with NextEra Energy Power Marketing, LLC.

Santa Rita, Wind - In 2016, the City entered into a 20 year power purchase agreement for wind energy, capacity, and environmental attributes with Santa Rita Wind Energy, LLC.

NextEra - In 2015, the City entered into a 20 year power purchase agreement with Bluebell Solar Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City purchases solar energy, capacity, and environmental attributes commencing from the commercial operation date which was November 2018.

Engie - In 2018, the City entered into a 15 year power purchase agreement with Engie Long Draw Solar, LLC. Under the agreement, which is scheduled to end June 2035, the City will purchase 75 MW of solar generation and environmental attributes. Projected in-service date is June 30, 2020.

NextEra - In 2018, the City entered into a 15 year power purchase agreement with Bluebell Solar II Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City will purchase 100 MW of solar generation and environmental attributes commencing from the commercial operation date projected for December 31, 2020.

Samson Solar - In 2018, subsequent to year-end, the City of Denton entered into a 15 year power purchase agreement with Samson Solar Energy, LLC. Under the agreement, which is scheduled to end in 2037, the city will purchase 75 MW of solar generation and environmental attributes. Projected in-service date is summer 2022.

Encumbrances

As discussed in note I.D., Budgetary information, encumbrances are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances in governmental funds expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$ 778,267
Capital Projects Fund	49,459,216
Nonmajor Governmental Funds	1,550,016
Total	$ 51,787,499

F. Tax Abatements

The City enters into economic development incentive agreements with entities to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. Some agreements provide for an abatement of property taxes, while others provide for a rebate of a portion of sales and use tax or a portion of ad valorem (property) tax, as established per the agreements. The incentives are performance-based, and the City generally expects to receive increased revenue as a result of the agreements. These incentive agreements require approval by a City Council ordinance and are authorized under Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code and Chapter 380 of the Texas Local Government Code.

Property Tax Abatements

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating within the City. The City is required to renew/adopt a Tax Abatement Policy every two years in accordance with Chapter 312 of the Texas Tax Code. The last policy was adopted in March of 2018. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. For the fiscal year ended September 30, 2019, the City abated property taxes totaling $37,603 under this program, as detailed in the following agreements:

- Tetra Pak – In 2013, a 65% tax abatement agreement for a term of four years was granted to Tetra Pak Materials LP on new capital investments, including a 32,000 square foot expansion of their facility and relocating their corporate headquarter operations from Chicago to Denton. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $5 million, the agreement provides for a full refund all abatements previously granted plus interest. The abatement amount for the current fiscal year was $37,603, which was the final abatement under this agreement.

The City has three additional abatement agreements not listed above becoming effective in future fiscal years should the grantees meet the obligations of the agreements. The two agreements are for West Gate Business Park and Tyson Sales and Distribution. Peterbilt Motors was granted a tax abatement, however, they did not meet the threshold, and therefore the abatement was not granted.

Chapter 380 Agreements

The City Council has the authority under Chapter 380 of the Texas Local Government Code to grant or loan City funds in order to accomplish specific economic development goals. These incentives are considered on a case-by-case basis. The City has target industry sectors for recruitment that will be given priority consideration: aviation/aerospace, advanced manufacturing, renewable energy, research and development, information technology, supply chain for existing primary employers, and significant consumers of municipal utilities. Consideration may also be given for projects causing infill redevelopment or other desirable development objectives and/or any other activity which the City Council determines meets a specific public purpose for economic development.

Each agreement is based on the contribution in sales or property tax or both. For the fiscal year ended September 30, 2019, the City rebated sales taxes totaling $3,020,138 and property taxes totaling $747,395 ($198,991 of which was paid out of the Westpark TIRZ No. Two), and hotel occupancy taxes totaling $1,066,868 as detailed in the following agreements:

- Denton Crossing – In 2001, an agreement was approved for the 500,000 square foot, $50 million Denton Crossing retail center. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $7,250,000 plus accrued interest. The tax rebates initiated in 2005 and will terminate in 2020. The tax rebate amount for the current fiscal year was $594,838.

- Unicorn Lake – In 2004, an agreement was approved for Unicorn Lake, an urban-style mixed-use development. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $6,664,901 plus accrued interest. The tax rebates initiated in 2010 and will terminate in 2025. The tax rebate amount for the current fiscal year was $72,714.

- Rayzor Ranch – In 2007, an agreement was approved for the Rayzor Ranch mixed-use development. The 410-acre project will have over one million square feet of retail and will be built in two phases. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated by the project for public improvement costs, which include the widening of a state highway bisecting the project. The grantee will receive a maximum of $20 million over a 15 year term for phase one and a maximum of $48 million over a term of 20 years for phase two. An additional 15% of the City sales tax, or 0.225%, was added to both phases to offset the hotel and convention center costs until $5 million is reached. As of the current fiscal year, the tax rebate amount for phase one was $1,297,602 and the tax rebate amount for phase two was $799,680.

- Golden Triangle Mall – In 2011, an agreement was approved for a major renovation of the Golden Triangle Mall. A threshold of a minimum $45 to $65 million was required as an investment into the property to receive a one half share of the sales tax resulting from the renovations, less a monthly mall

baseline amount established at $95,898. The total grant payments may not exceed 15.83% of the required investment. GTM Development has invested $49.5 million in the development. Tenant investments in the property amounted to $8.8 million, for a total invest of $58.3 million. Based on this total investment the total grant payment should not exceed $9.2 million. The tax rebates initiated in 2016 and will terminate in 2035. The tax rebate amount for the current fiscal year was $33,140. It should be noted the rebate decreased due to the closure of Sears in September 2018 and DSW in August of 2019. A Conn's and Fitness Connection are planned for the two anchor sites.

- Schlumberger – In 2010, an agreement was granted to Grand Mesa for the renovation and equipping of the building for Schlumberger. The agreement was assigned to Schlumberger Technology Corporation in 2012 equal to one half of new property tax revenue generated for their 150,000 square foot regional maintenance facility. Agreement thresholds require maintaining $5 million in real property improvements and business personal property valuation and the creation of 80 jobs with an average wage of $45,000. The term of the agreement is seven years and will terminate in 2018. In the event of a failure to meet the conditions of the agreement, the agreement provides for a full refund of all rebates previously granted plus interest. The tax rebate amount for the current fiscal year was $28,823.

- Mayday Manufacturing – In 2012, an agreement was approved for Mayday Manufacturing/Tailwind Technologies for the relocation of the business and expansion of a manufacturing facility. The agreement provides a 75% tax rebate on the increment of property tax revenue generated above the base valuation for a period of ten years. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a 50% refund of all rebates previously granted. The tax rebate amount for the current fiscal year was $31,618.

- West Gate Business Park – In 2015, an agreement was approved for West Gate Business Park (WGBP) for industrial development and provided for a 70% rebate of increased City property tax revenue generated for a period of ten years. WGBP includes three multi-tenant buildings totaling 413,000 square feet of new industrial/manufacturing space in the City. In 2016 the agreement was amended to include a 70% rebate on building 1 improvements and to add a one-time grant payment in the amount of $50,000. A separate tax abatement agreement for building 2 and 3 was also approved so WGBP could be eligible to apply for a tax abatement from Denton County. The terms of the agreement include a 60% abatement of City property taxes attributable to new capital investments resulting in an increased assessed value of real property improvements. The amount of the abatement may be increased by an additional 5% for a national headquarters and/or 10% for a supplier in support of major employers in Denton. The tax rebate amount for the current fiscal year was $34,792.

- WinCo Foods – In 2015, an agreement was approved for WinCo Foods for a $135 million, 800,000 square foot distribution facility expected to create 165 jobs with an annual payroll of around $7.2 million. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 20-50% refund of all rebates previously granted, depending on the timing of a failure. Winco received reimbursement for infrastructure financing from Water and Wastewater funds and a local sales and use tax grant for the construction and equipping of the facility in prior fiscal years, completing those portions of the agreement. The active portion of the agreement provides for the following:

    - A grant equal to 100% of the incremental property tax generated by the property and paid into the Tax Increment Fund by both the City and the County, paid annually until the full reimbursement of the project costs for public improvements is reached. The tax rebate amount out of the Westpark TIRZ No. Two for the current fiscal year was $198,991, with

$145,936 being the City portion of the tax rebate and $53,055 being the County portion of the tax rebate.

- A grant equal to 60% of City property taxes attributable to improvements resulting in an increase of assessed value of real property improvements and tangible personal property, paid annually until full reimbursement of the project costs for public improvements is reached. Once this full reimbursement is reached, the 60% property tax rebate will continue for a period of four years as long as the increase in investment in improvements is $50 million excluding purchase price of the property. The tax rebate amount for the current fiscal year was $288,477.

- O'Reilly Hotel Partners Denton – In 2015, an agreement was approved for O'Reilly Hotel Partners Denton for a convention center with a hotel and restaurant located in the Rayzor Ranch Town Center. The agreement includes a 100% rebate of the property tax (excluding land, inventory, vehicles, and supplies), hotel occupancy tax, and sales tax generated by the project. The term is for a maximum of 25 years or a combined principal ($28 million) and interest ($26 million) amount of $54 million is reached, whichever comes first. The agreement also includes 100% rebate of the construction sales tax up to $850,000, then 50% thereafter. The construction sales tax rebate portion of the agreement was completed last fiscal year. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 100% refund of all rebates granted in the previous year. The sales tax, property tax, and hotel occupancy tax rebate amounts for the current fiscal year were $123,122, $164,152, and $1,066,868, respectively.

- Buc-ee's Travel Center – In 2015, an agreement was approved for Buc-ee's Travel Center. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated from businesses located within the property boundaries for a five year period. At the conclusion of the sales tax reimbursement term, the City has agreed to a one-time cash grant payment of $2 million minus the total sales tax previously reimbursed, only if the grantee has not received a full $2 million in sales tax reimbursements. In addition, at the conclusion of the sales tax reimbursement term, the agreement provides a sales tax reimbursement infrastructure grant of one half of the City sales tax, or 0.75%, generated by the Buc-ee's Travel Center and developed outparcels that contain sit-down restaurants or retail establishments for a period of twenty years. The City has also agreed to pay the grantee one quarter of the City sales tax, or 0.375%, generated by outparcels not included in the previously mentioned infrastructure grant, including fast food restaurants and drive-through uses. The tax rebate amount for the current fiscal year was $99,042.

The City has one additional Chapter 380 agreement not listed above becoming effective in future fiscal years should the grantees meet the obligations of the agreement. The agreement is for United States Cold Storage. Sally Beauty closed its 3900 Morse Street location, thereby terminating the related incentive agreement. The tax rebate amount prior to termination was $542.

G. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued, while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings and the item described following, is approximately $500,000 as of September 30, 2018. Potential losses after insurance coverage on all probable claims and lawsuits will not have a material effect on the City's financial position as of September 30, 2019.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2019 up through March 13, 2020, the date the financial statements were issued. There were no significant subsequent events to disclose.

I. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which became effective for the fiscal year 2019.

Statement No. 83 "*Certain Asset Retirement Obligations"* – This Statement addresses accounting and financial reporting for certain asset retirement obligations, a legally enforceable liability associated with the retirement of a tangible capital asset. Criteria are established for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for these obligations. See note V.E. on TMPA for more information on the City's asset obligation to TMPA regarding asset retirement obligations.

Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements" – This statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It clarifies which liabilities should be disclosed, defines debt in regards to this pronouncement, and requires additional essential information related to debt be disclosed, if applicable. This Statement has no financial impact. See note IV.G. for disclosure requirements.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 84 "*Fiduciary Activities"* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the City in fiscal year 2020.

Statement No. 87 "*Leases"* – This Statement is to improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2021.

Statement No. 89 "*Accounting for Interest Cost Incurred before the End of a Construction Period*" – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires these interest costs be recognized as an expense in the period in which the cost is incurred instead of being included in the cost of capital assets reported in a business-type activity or enterprise fund. This Statement will become effective for the City in fiscal year 2021.

Statement No. 90 "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*" – This Statement defines a majority equity interest in a legally separate organization, establishes financial consistency and comparability of reporting a government's majority equity interest, and improve the relevance of financial statement information for certain component units. This Statement will become effective for the City in fiscal year 2020.

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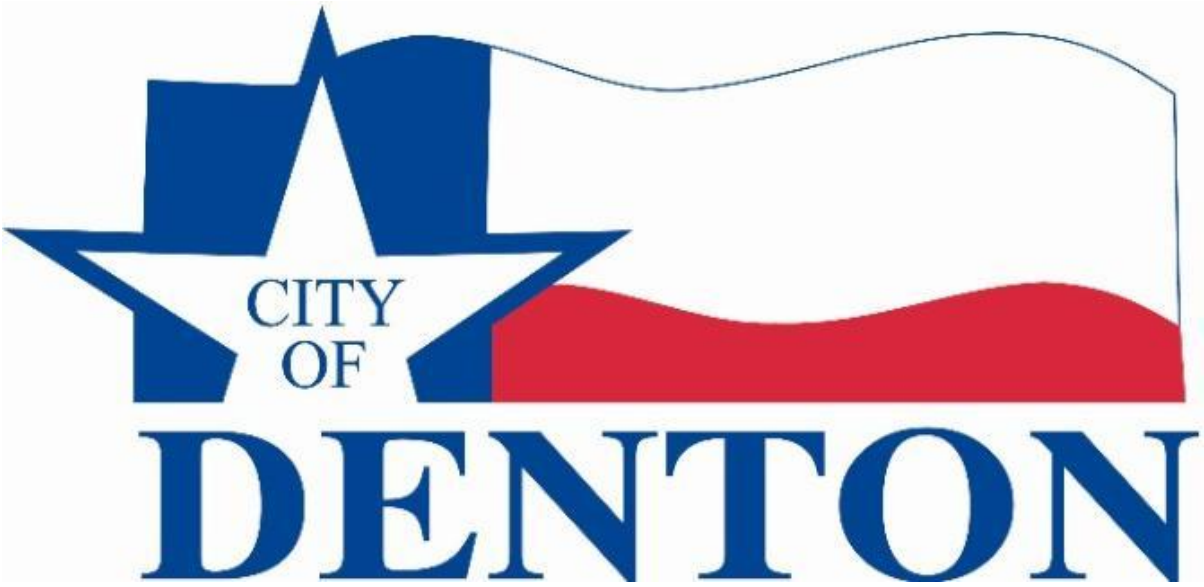
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CITY OF DENTON, TEXAS **Exhibit XII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 10,667,694	$ 12,615,957	$ 13,925,238	$ 14,514,171	$ 14,990,529
Interest (on the total pension liability)	25,182,941	26,905,700	27,656,654	29,543,513	31,468,411
Difference between expected and actual experience	(171,241)	(1,525,911)	763,589	1,514,980	1,255,443
Change of assumptions	-	(428,789)	-	-	-
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Net change in total pension liability	24,291,777	24,869,222	29,322,151	29,223,020	29,476,344
Total pension liability - beginning	360,116,261	384,408,038	409,277,260	438,599,411	467,822,431
Total pension liability - ending (a)	$ 384,408,038	$ 409,277,260	$ 438,599,411	$ 467,822,431	$ 497,298,775
Plan fiduciary net position:					
Contributions - employer	$ 13,065,763	$ 13,615,410	$ 14,046,860	$ 14,821,752	$ 15,107,443
Contributions - employee	4,991,415	5,365,231	5,712,464	6,014,227	6,175,407
Net investment income	16,867,596	469,530	21,947,635	48,954,660	(12,175,765)
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Administrative expense	(176,083)	(285,957)	(247,766)	(253,578)	(235,169)
Other	(14,477)	(14,123)	(13,349)	(12,851)	(12,287)
Net change in plan fiduciary net position	23,346,597	6,452,356	28,422,514	53,174,566	(9,378,410)
Plan fiduciary net position - beginning	294,819,596	318,166,193	324,618,549	353,041,063	406,215,629
Plan fiduciary net position - ending (b)	$ 318,166,193	$ 324,618,549	$ 353,041,063	$ 406,215,629	$ 396,837,219
Net pension liability - ending (a) - (b)	$ 66,241,845	$ 84,658,711	$ 85,558,348	$ 61,606,802	$ 100,461,556
Plan fiduciary net position as a percentage of total pension liability	82.77%	79.32%	80.49%	86.83%	79.80%
Covered-employee payroll	$ 71,025,494	$ 76,646,157	$ 81,481,789	$ 85,227,078	$ 88,179,581
Net pension liability as a percentage of covered payroll	93.26%	110.45%	105.00%	72.29%	113.93%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2010	11,194,086	8,849,577	(2,344,509)	59,457,345	14.88%
2011	11,580,085	9,579,358	(2,000,727)	58,139,688	16.48%
2012	11,475,702	10,435,001	(1,040,701)	60,340,212	17.29%
2013	12,174,640	12,171,482	(3,158)	64,940,234	18.74%
2014	12,912,746	12,911,461	(1,285)	69,872,024	18.48%
2015	13,507,272	13,507,272	-	75,379,632	17.92%
2016	14,435,638	14,435,638	-	83,127,601	17.37%
2017	14,648,606	14,648,606	-	84,753,377	17.28%
2018	14,931,800	14,931,800	-	86,832,074	17.20%
2019	16,055,560	16,055,560	-	94,158,313	17.05%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 13 months later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2019:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**27 Years (Equivalent Single Amortization Period of 16.4 years)**
Asset Valuation Method	**10 Year Smoothed Market; 15% Soft Corridor**
Inflation	**2.50%**
Salary Increases	**3.50% to 10.50% including inflation**
Investment Rate of Return	**6.75%**
Retirement Age	**Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.**
Mortality	**RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.**
Other	**There were not benefit changes during the year**

CITY OF DENTON, TEXAS **Exhibit XIV**

REQUIRED SUPPLEMENTARY INFORMATION

DENTON FIREMEN'S RELIEF AND RETIREMENT FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 2,747,253	$ 2,836,263	$ 3,089,911	$ 3,182,608	$ 3,615,495
Interest (on the total pension liability)	5,685,396	5,998,959	6,135,588	6,493,255	7,049,261
Difference between expected and actual experience	-	(2,063,421)	-	2,040,716	-
Change of assumptions	-	2,331,908	-	-	-
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Net change in total pension liability	4,396,640	5,055,351	4,955,493	7,947,750	6,608,900
Total pension liability - beginning	80,490,694	84,887,334	89,942,685	94,898,178	102,845,928
Total pension liability - ending (a)	$ 84,887,334	$ 89,942,685	$ 94,898,178	$ 102,845,928	$ 109,454,828
Plan fiduciary net position:					
Contributions - employer	$ 2,566,875	$ 2,567,219	$ 2,759,844	$ 2,979,807	$ 3,434,007
Contributions - employee	1,745,419	1,803,064	1,997,155	2,142,990	2,338,837
Net investment income	4,411,066	(3,287,188)	6,935,215	8,793,234	(183,148)
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Administrative expense	(81,005)	(76,538)	(94,175)	(63,669)	(87,899)
Net change in plan fiduciary net position	4,606,346	(3,041,801)	7,328,033	10,083,533	1,445,941
Plan fiduciary net position - beginning	66,412,172	71,018,518	67,976,717	75,304,750	85,388,283
Plan fiduciary net position - ending (b)	$ 71,018,518	$ 67,976,717	$ 75,304,750	$ 85,388,283	$ 86,834,224
Net pension liability - ending (a) - (b)	$ 13,868,816	$ 21,965,968	$ 19,593,428	$ 17,457,645	$ 22,620,604
Plan fiduciary net position as a percentage of total pension liability	83.66%	75.58%	79.35%	83.03%	79.33%
Covered payroll	$ 14,238,486	$ 14,310,032	$ 15,850,437	$ 17,007,857	$ 18,562,198
Net pension liability as a percentage of covered payroll	97.40%	153.50%	123.61%	102.64%	121.86%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

CITY OF DENTON, TEXAS **Exhibit XV**
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2010	1,976,419	1,976,419	-	13,070,041	15.12%
2011	2,141,662	2,141,662	-	12,828,446	16.69%
2012	2,253,667	2,253,667	-	12,899,800	17.47%
2013	2,579,453	2,579,453	-	13,629,825	18.93%
2014	2,576,652	2,576,652	-	13,828,070	18.63%
2015	2,535,719	2,535,719	-	14,029,051	18.07%
2016	2,819,046	2,819,046	-	15,540,826	18.14%
2017	2,924,757	2,924,757	-	16,747,217	17.46%
2018	3,310,248	3,310,248	-	18,080,014	18.31%
2019	3,610,711	3,610,711	-	19,517,358	18.50%

Notes to Schedule:
Annual required contributions are not actuarially determined. According to a City ordinance, since December 2017 the City contributes to the Firemen's Relief and Retirement Fund at the rate of 18.5%, the assumed actuarial valuation rate over the unfunded liability amortization period.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy in the December 31, 2017 actuarial valuation (rolled forward for fiscal year 2019):

Actuarial Cost Method	**Entry Age**
Amortization Method	**Level Percentage of Payroll, Open**
Remaining Amortization Period	**15 Years**
Asset Valuation Method	**5-year smoothing**
Inflation	**2.50%**
Salary Increases	**3.00% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over a 30-year career**
Investment Rate of Return	**6.75%, net of pension plan investment expense, including inflation**
Retirement Age	**Average expected age at retirement of 57**
Mortality	**RP-2000 Combined Healthy Mortality Tables projected to 2024 for males and for females (sex distinct)**

CITY OF DENTON, TEXAS **Exhibit XVI**
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2017	Measurement Year 2018
Total OPEB liability:		
Service Cost	**$ 1,750,172**	**$ 1,995,008**
Interest (on the total OPEB liability)	**1,360,179**	**1,329,949**
Difference between expected and actual experience	**-**	**(150,485)**
Change of assumptions or other inputs	**2,067,787**	**(1,724,923)**
Benefit payments	**(742,818)**	**(899,361)**
Net change in total OPEB liability	**4,435,320**	**550,188**
Total OPEB liability - beginning	**35,196,570**	**39,631,890**
Total OPEB liability - ending	**$ 39,631,890**	**$ 40,182,078**
Covered-employee payroll	**$ 104,783,403**	**$ 109,480,718**
Net pension liability as a percentage of covered-employee payroll	**37.82%**	**36.70%**

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

Methods and assumptions used to determine contribution rate for 2019:

Actuarial cost method	**Individual Entry-Age Normal**
Discount rate	**3.71% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2018.) The prior year discount rate was 3.31%.**
Inflation rate	**2.50%**
Projected salary increases	**3.5% to 10.5% for TMRS and 3.00% to 9.18% for Fire, including inflation**
Demographic assumptions	**Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in the December 31, 2017 actuarial valuation for the Denton Firemen's Relief and Retirement Fund.**
Healthcare trend rates	**Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.**
Mortality	**TMRS: For healthy retirees, the gender-district RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.** **Firefighters: The gender-district RP-2000 Combined Healthy Mortality Tables projected to 2014 with scale AA. No additional provision is made for future improvements in mortality after the measurement date other than the margins described above.**
Participation rates	**60% for retirees age 65 or older at retirement** **45% for retirees between the ages of 50 and 64 at retirement** **0% for retirees under age 50 at retirement**

CITY OF DENTON, TEXAS **Exhibit XVII**

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2017	Measurement Year 2018
Total OPEB liability:		
Service Cost	$ 144,886	$ 176,359
Interest (on the total OPEB liability)	106,885	110,831
Difference between expected and actual experience	-	155,143
Change of assumptions or other inputs	270,541	(247,941)
Benefit payments	(17,045)	(17,636)
Net change in total OPEB liability	505,267	176,756
Total OPEB liability - beginning	2,763,726	3,268,993
Total OPEB liability - ending	$ 3,268,993	$ 3,445,749
Covered-employee payroll	$ 85,227,078	$ 88,179,581
Net pension liability as a percentage of covered-employee payroll	3.84%	3.91%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

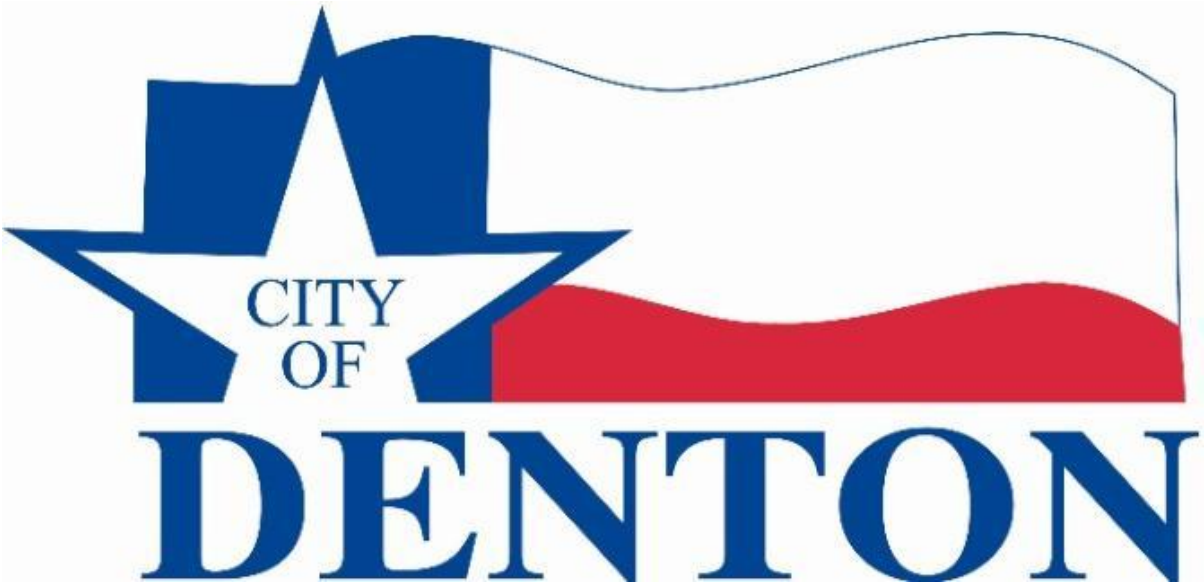
Methods and assumptions used to determine contribution rate for 2019:

Inflation rate	**2.50% per annum**
Discount rate	**3.71% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2018.) The prior year discount rate was 3.31%.**
Actuarial cost method	**Entry Age Normal**
Projected salary increases	**3.5% to 10.5% including inflation**
Retirees' share of benefit-related costs	**$0**
Administrative expenses	**All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.**
Mortality rates - service retirees	**RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.**
Mortality rates - disabled retirees	**RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.**

CITY OF DENTON, TEXAS **Exhibit XVIII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 24,293,126	$ 24,293,126	$ 24,316,086	$ -	$ 24,316,086	$ 22,960
Investment revenue	50,000	200,000	525,796	-	525,796	325,796
Total revenues	24,343,126	24,493,126	24,841,882	-	24,841,882	348,756
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	90,278,691	90,278,691	25,047,435	65,172,382	90,219,817	58,874
Total expenditures	90,278,691	90,278,691	25,047,435	65,172,382	90,219,817	58,874
Excess (deficiency) of revenues over (under) expenditures	(65,935,565)	(65,785,565)	(205,553)	(65,172,382)	(65,377,935)	407,630
OTHER FINANCING SOURCES (USES):						
Transfers in	65,283,240	65,283,240	129,250	65,172,382	65,301,632	18,392
Total other financing sources (uses)	65,283,240	65,283,240	129,250	65,172,382	65,301,632	18,392
Net change in fund balance	(652,325)	(502,325)	(76,303)	-	(76,303)	426,022
Fund balance at beginning of year	5,529,483	5,529,483	5,529,483	-	5,529,483	-
Fund balance at end of year	$ 4,877,158	$ 5,027,158	$ 5,453,180	$ -	$ 5,453,180	$ 426,022

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.


CITY
OF
DENTON

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Recreation – to account for the revenues and expenditures for the recreation programs that are self-supporting. All expenditures will be reimbursed 100%. Various business operations, such as concessions, fall into this account.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to park gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2019

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
ASSETS					
Cash, cash equivalents and investments, at fair value	$ -	$ 559,528	$ -	$ 394,762	$ 2,006,686
Receivables (net of allowances):					
Taxes	-	-	-	-	247,298
Accrued interest	-	2,262	-	1,600	8,132
Other	-	14,746	-	-	-
Due from other governments	421,307	-	62,357	-	-
Total assets	$ 421,307	$ 576,536	$ 62,357	$ 396,362	$ 2,262,116
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	70,951	192,145	11,661	-	229,503
Interfund payables	160,525	-	50,696	-	-
Retainage payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	231,476	192,145	62,357	-	229,503
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - intergovernmental	-	11,636	1,127	-	-
Total deferred inflows of revenues	-	11,636	1,127	-	-
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	-	-	-	-
Streets and drainage projects	-	-	-	-	-
Other grants and purposes	189,831	-	-	396,362	2,032,613
Committed to:					
Streets	-	-	-	-	-
Parks and recreation	-	372,755	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	-	-	-	-	-
Unassigned	-	-	(1,127)	-	-
Total fund balance (deficit)	189,831	372,755	(1,127)	396,362	2,032,613
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 421,307	$ 576,536	$ 62,357	$ 396,362	$ 2,262,116

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (concluded)
AS OF SEPTEMBER 30, 2019

	Special Revenue Funds				Total
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	Nonmajor Governmental Funds
ASSETS					
Cash, cash equivalents and investments, at fair value	$ 3,626,244	$ 135,827	$ 6,789,498	$ 11,365,581	$ 24,878,126
Receivables (net of allowances):	-				
Taxes	-	-	-	64,875	312,173
Accrued interest	14,696	550	27,516	46,064	100,820
Other	-	11,993	-	-	26,739
Due from other governments	-	-	-	924,072	1,407,736
Total assets	$ 3,640,940	$ 148,370	$ 6,817,014	$ 12,400,592	$ 26,725,594
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	199,208	-	16,157	561,221	1,280,846
Interfund payables	-	-	-	-	211,221
Retainage payable	-	-	19,304	-	19,304
Unearned revenues	-	-	-	25,871	25,871
Total liabilities	199,208	-	35,461	587,092	1,537,242
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - intergovernmental	-	-	-	748,900	761,663
Total deferred inflows of revenues	-	-	-	748,900	761,663
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	148,370	6,781,553	124,572	7,054,495
Streets and drainage projects	-	-	-	3,389,244	3,389,244
Other grants and purposes	-	-	-	4,552,336	7,171,142
Committed to:					
Streets	3,441,732	-	-	-	3,441,732
Parks and recreation	-	-	-	-	372,755
Other purposes	-	-	-	3,779,944	3,779,944
Assigned to:					
Other purposes	-	-	-	61	61
Unassigned	-	-	-	(781,557)	(782,684)
Total fund balance (deficit)	3,441,732	148,370	6,781,553	11,064,600	24,426,689
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 3,640,940	$ 148,370	$ 6,817,014	$ 12,400,592	$ 26,725,594

(concluded)

CITY OF DENTON, TEXAS **Exhibit XX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ -	$ 3,039,747
Franchise fees	-	-	-	-	-
Fines and forfeitures	-	-	-	116,861	-
Fees for services	-	2,174,204	-	-	-
Investment revenue	-	17,982	-	7,082	67,454
Intergovernmental	1,165,591	-	367,273	-	-
Miscellaneous	218,519	40,672	-	5,252	-
Total revenues	1,384,110	2,232,858	367,273	129,195	3,107,201
EXPENDITURES:					
Current:					
General government	1,211,951	-	-	-	3,460,906
Public safety	-	-	320,074	51,966	-
Public works	-	-	-	-	-
Parks and recreation	-	5,273,247	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,211,951	5,273,247	320,074	51,966	3,460,906
Excess (deficiency) of revenues over (under) expenditures	172,159	(3,040,389)	47,199	77,229	(353,705)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	3,076,517	5,046	-	-
Transfers out	-	(24,380)	-	-	(63,477)
Total other financing sources (uses)	-	3,052,137	5,046	-	(63,477)
Net change in fund balances	172,159	11,748	52,245	77,229	(417,182)
Fund balance (deficit) at beginning of year	17,672	361,007	(53,372)	319,133	2,449,795
Fund balance (deficit) at end of year	$ 189,831	$ 372,755	$ (1,127)	$ 396,362	$ 2,032,613

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ 932,119	$ 3,971,866
Franchise fees	12,717,231	-	-	-	12,717,231
Fines and forfeitures	-	-	-	1,378,645	1,495,506
Fees for services	192,014	101,617	1,893,019	241,707	4,602,561
Investment revenue	50,522	-	171,958	198,190	513,188
Intergovernmental	-	-	-	1,464,832	2,997,696
Miscellaneous	-	-	-	3,074,863	3,339,306
Total revenues	12,959,767	101,617	2,064,977	7,290,356	29,637,354
EXPENDITURES:					
Current:					
General government	-	-	-	852,771	5,525,628
Public safety	-	-	-	2,564,493	2,936,533
Public works	11,204,859	-	-	236,000	11,440,859
Parks and recreation	-	-	20,885	103,026	5,397,158
Capital outlay	-	-	643,662	295,423	939,085
Total expenditures	11,204,859	-	664,547	4,051,713	26,239,263
Excess (deficiency) of revenues over (under) expenditures	1,754,908	101,617	1,400,430	3,238,643	3,398,091
OTHER FINANCING SOURCES (USES):					
Transfers in	1,034,581	-	-	334,705	4,450,849
Transfers out	(971,184)	(50,000)	-	(2,994,737)	(4,103,778)
Total other financing sources (uses)	63,397	(50,000)	-	(2,660,032)	347,071
Net change in fund balances	1,818,305	51,617	1,400,430	578,611	3,745,162
Fund balance (deficit) at beginning of year	1,623,427	96,753	5,381,123	10,485,989	20,681,527
Fund balance (deficit) at end of year	$ 3,441,732	$ 148,370	$ 6,781,553	$ 11,064,600	$ 24,426,689

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: RECREATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for services	$ 2,144,708	$ 2,144,708	$ 2,174,204	$ -	$ 2,174,204	$ 29,496
Investment revenue	6,500	6,500	17,982	-	17,982	11,482
Miscellaneous	46,000	46,000	40,672	-	40,672	(5,328)
Total revenues	2,197,208	2,197,208	2,232,858	-	2,232,858	35,650
EXPENDITURES:						
Current:						
Parks and recreation	4,861,801	4,837,421	5,273,247	(637,441)	4,635,806	201,615
Total expenditures	4,861,801	4,837,421	5,273,247	(637,441)	4,635,806	201,615
Excess of revenues over expenditures	(2,664,593)	(2,640,213)	(3,040,389)	637,441	(2,402,948)	237,265
OTHER FINANCING USES:						
SOURCES (USES):						
Transfers in	3,076,517	3,076,517	3,076,517	-	3,076,517	-
Transfers out	(608,391)	(632,771)	(24,380)	(637,441)	(661,821)	(29,050)
Total other financing uses	2,468,126	2,443,746	3,052,137	(637,441)	2,414,696	(29,050)
Net change in fund balance	(196,467)	(196,467)	11,748	-	11,748	208,215
Fund balance at beginning of year	361,007	361,007	361,007	-	361,007	-
Fund balance at end of year	$ 164,540	$ 164,540	$ 372,755	$ -	$ 372,755	$ 208,215

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXII**

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ 200,000	$ 200,000	$ 116,861	$ -	$ 116,861	$ (83,139)
Investment revenue	3,500	3,500	7,082	-	7,082	3,582
Miscellaneous	50,000	50,000	5,252	-	5,252	(44,748)
Total revenues	253,500	253,500	129,195	-	129,195	(124,305)
EXPENDITURES:						
Current:						
Public safety	255,000	255,000	51,966	-	51,966	203,034
Capital outlay	135,000	135,000	-	-	-	135,000
Total expenditures	390,000	390,000	51,966	-	51,966	338,034
Net change in fund balance	(136,500)	(136,500)	77,229	-	77,229	213,729
Fund balance at beginning of year	319,133	319,133	319,133	-	319,133	-
Fund balance at end of year	$ 182,633	$ 182,633	$ 396,362	$ -	$ 396,362	$ 213,729

CITY OF DENTON, TEXAS **Exhibit XXIII**

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 3,207,406	$ 3,207,406	$ 3,039,747	$ -	$ 3,039,747	$ (167,659)
Investment revenue	-	-	67,454	-	67,454	67,454
Total revenues	3,207,406	3,207,406	3,107,201	-	3,107,201	(100,205)
EXPENDITURES:						
Current:						
General government	3,249,863	3,619,572	3,460,906	-	3,460,906	158,666
Total expenditures	3,249,863	3,619,572	3,460,906	-	3,460,906	158,666
Excess (deficit) of revenues over (under) expenditures	(42,457)	(412,166)	(353,705)	-	(353,705)	58,461
OTHER FINANCING SOURCES:						
Transfers out	-	-	(63,477)	-	(63,477)	(63,477)
Total other financing sources	-	-	(63,477)	-	(63,477)	(63,477)
Net change in fund balance	(42,457)	(412,166)	(417,182)	-	(417,182)	(5,016)
Fund balance at beginning of year	2,449,795	2,449,795	2,449,795	-	2,449,795	-
Fund balance at end of year	$ 2,407,338	$ 2,037,629	$ 2,032,613	$ -	$ 2,032,613	$ (5,016)

CITY OF DENTON, TEXAS **Exhibit XXIV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 13,519,911	$ 13,519,911	$ 12,717,231	$ -	$ 12,717,231	$ (802,680)
Fees for services	364,140	364,140	192,014	-	192,014	(172,126)
Investment revenue	10,000	10,000	50,522	-	50,522	40,522
Total revenues	13,894,051	13,894,051	12,959,767	-	12,959,767	(934,284)
EXPENDITURES:						
Current:						
Public Works	14,526,722	13,607,208	11,204,859	(121,569)	11,083,290	2,523,918
Debt service:						
Principal retirement	59,165	59,165	-	-	-	59,165
Total expenditures	14,585,887	13,666,373	11,204,859	(121,569)	11,083,290	2,583,083
Excess (deficit) of revenues over (under) expenditures	(691,836)	227,678	1,754,908	121,569	1,876,477	1,648,799
OTHER FINANCING SOURCES (USES):						
Transfers in	1,196,404	1,196,404	1,034,581	-	1,034,581	(161,823)
Transfers out	(482,118)	(1,401,632)	(971,184)	(121,569)	(1,092,753)	308,879
Total other financing sources (uses)	714,286	(205,228)	63,397	(121,569)	(58,172)	147,056
Net change in fund balance	22,450	22,450	1,818,305	-	1,818,305	1,795,855
Fund balance at beginning of year	1,623,427	1,623,427	1,623,427	-	1,623,427	-
Fund balance at end of year	$ 1,645,877	$ 1,645,877	$ 3,441,732	$ -	$ 3,441,732	$ 1,795,855

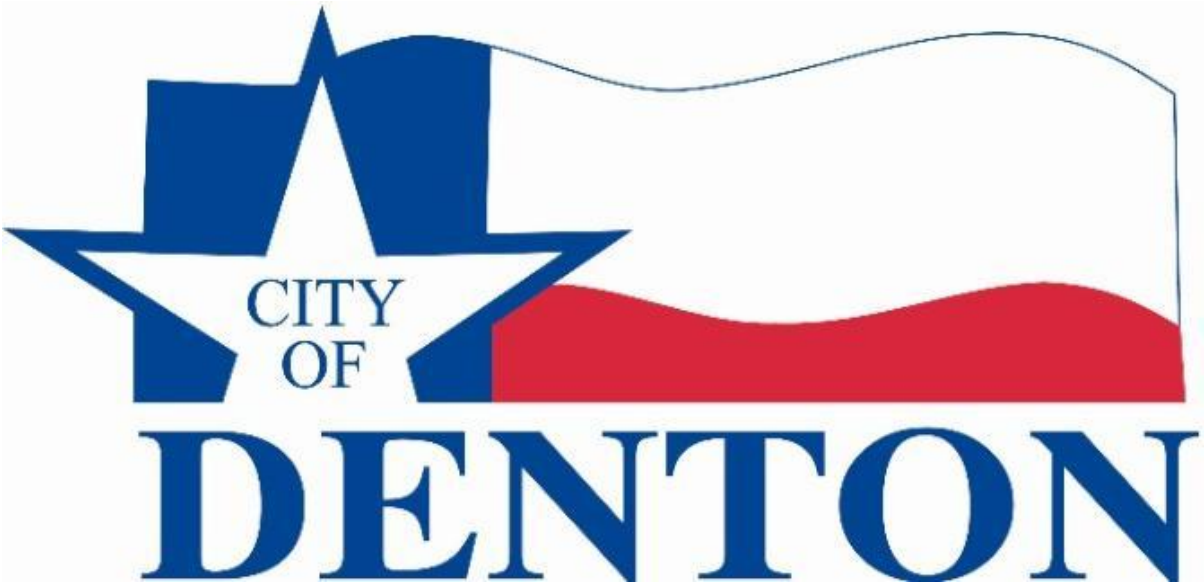
Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 29,200	$ 29,200	$ 101,617	$ -	$ 101,617	$ 72,417
Investment revenue	800	800	-	-	-	(800)
Total revenues	30,000	30,000	101,617	-	101,617	71,617
Excess of revenues over expenditures	30,000	30,000	101,617	-	101,617	71,617
OTHER FINANCING USES:						
Transfers out	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Total other financing uses	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Net change in fund balance	(20,000)	(20,000)	51,617	-	51,617	71,617
Fund balance at beginning of year	96,753	96,753	96,753	-	96,753	-
Fund balance at end of year	$ 76,753	$ 76,753	$ 148,370	$ -	$ 148,370	$ 71,617

CITY OF DENTON, TEXAS **Exhibit XXVI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 215,000	$ 215,000	$ 1,893,019	$ -	$ 1,893,019	$ 1,678,019
Investment revenue	45,000	45,000	171,958	-	171,958	126,958
Total revenues	260,000	260,000	2,064,977	-	2,064,977	1,804,977
EXPENDITURES:						
Current:						
Parks and recreation	-	-	20,885	-	20,885	(20,885)
Capital outlay	-	-	643,662	-	643,662	(643,662)
Total expenditures	-	-	664,547	-	664,547	(664,547)
Deficit of revenues under expenditures	260,000	260,000	1,400,430	-	1,400,430	1,140,430
OTHER FINANCING USES:						
Transfers out	(2,000,000)	(2,000,000)	-	-	-	2,000,000
Total other financing uses	(2,000,000)	(2,000,000)	-	-	-	2,000,000
Net change in fund balance	(1,740,000)	(1,740,000)	1,400,430	-	1,400,430	3,140,430
Fund balance at beginning of year	5,381,123	5,381,123	5,381,123	-	5,381,123	-
Fund balance at end of year	$ 3,641,123	$ 3,641,123	$ 6,781,553	$ -	$ 6,781,553	$ 3,140,430


CITY
OF
DENTON

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has the following Internal Service Funds:

Materials Management Fund – to account for the financing of goods and services provided by the Materials Management operations of purchasing and warehouse to other City departments. Purchasing is responsible for procuring goods and services for City departments, and the warehouse maintains an inventory of materials and supplies used by City departments. Warehouse items are billed to other departments.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include cost of parts plus 25 percent and labor charges. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City operations.

Technology Services Fund – to account for the accumulation of resources to provide computer services such as programming, support, training, maintenance, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

Customer Service Fund – to account for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Exhibit XXVII

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2019

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 344,079	$ 2,225,445	$ 4,042,240	$ 3,030,596
Receivables, net of allowances:				
Accrued interest	-	9,019	16,382	12,282
Other	-	114,092	-	-
Merchandise inventory	8,173,718	100,178	-	-
Prepaid items	10,522	-	156,533	-
Total current assets	8,528,319	2,448,734	4,215,155	3,042,878
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	-	-	-	-
Accrued interest	-	-	-	-
Escrow deposit	-	-	201,000	-
Capital assets, net of accumulated depreciation	734,271	4,522,727	-	-
Total noncurrent assets	734,271	4,522,727	201,000	-
Total assets	9,262,590	6,971,461	4,416,155	3,042,878
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	8,231	2,699	-	-
Deferred pension balances	733,411	801,015	-	469,636
Deferred other post employment benefits balances	38,469	41,442	-	19,825
Total deferred outflows of resources	780,111	845,156	-	489,461
LIABILITIES:				
Current liabilities:				
Accounts payable	318,504	1,222,696	120,702	137,245
Claims payable	-	-	1,838,331	447,500
Compensated absences payable	58,318	119,763	-	75,361
Accrued interest	937	1,001	-	-
Interfund payables	7,300,000	-	-	-
Payable from restricted assets:				
Accounts payable	-	-	-	-
Retainage payable	-	8,451	-	-
Certificate and general obligation bonds	45,169	57,570	-	-
Total current liabilities	7,722,928	1,409,481	1,959,033	660,106
Noncurrent liabilities:				
Payable from restricted assets:				
General obligation bonds payable	140,493	46,063	-	-
Certificates of obligation	-	82,880	-	-
Compensated absences payable	1,278	43,268	-	29,765
Claims payable	-	-	-	2,308,460
Net pension liability	1,310,675	1,529,165	-	845,585
Total other post-employment benefits liability	651,658	686,036	-	329,614
Total noncurrent liabilities:	2,104,104	2,387,412	-	3,513,424
Total liabilities	9,827,032	3,796,893	1,959,033	4,173,530
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension balances	179,635	203,694	-	106,817
Deferred other post employment benefits balances	26,458	32,268	-	13,108
Total deferred inflows of resources	206,093	235,962	-	119,925
NET POSITION:				
Net investment in capital assets	556,840	4,338,913	-	-
Restricted for capital acquisition	-	-	-	-
Unrestricted	(547,264)	(555,151)	2,457,122	(761,116)
Total net position	$ 9,576	$ 3,783,762	$ 2,457,122	$ (761,116)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVII**
COMBINING STATEMENT OF NET POSITION (concluded)
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2019

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Total Internal Service Funds
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 6,763,146	$ 2,067,755	$ 149,193	$ 18,622,454
Receivables, net of allowances:				
Accrued interest	27,409	8,380	605	74,077
Other	2,206	-	-	116,298
Merchandise inventory	-	-	-	8,273,896
Prepaid items	89,218	-	-	256,273
Total current assets	6,881,979	2,076,135	149,798	27,342,998
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	1,703,233	-	-	1,703,233
Accrued interest	6,903	-	-	6,903
Escrow deposit	-	-	-	201,000
Capital assets, net of accumulated depreciation	9,733,030	75,979	62,476	15,128,483
Total noncurrent assets	11,443,166	75,979	62,476	17,039,619
Total assets	18,325,145	2,152,114	212,274	44,382,617
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	-	-	-	10,930
Deferred pension balances	2,358,301	1,730,784	1,120,662	7,213,809
Deferred other post employment benefits balances	94,143	66,890	103,848	364,617
Total deferred outflows of resources	2,452,444	1,797,674	1,224,510	7,589,356
LIABILITIES:				
Current liabilities:				
Accounts payable	1,108,383	1,360,814	148,140	4,416,484
Claims payable	-	-	-	2,285,831
Compensated absences payable	334,975	244,844	92,163	925,424
Accrued interest	5,991	-	-	7,929
Interfund payables	-	-	-	7,300,000
Payable from restricted assets:				
Accounts payable	4,206	-	-	4,206
Retainage payable	-	-	-	8,451
Certificate and general obligation bonds	310,530	-	-	413,269
Total current liabilities	1,764,085	1,605,658	240,303	15,361,594
Noncurrent liabilities:				
Payable from restricted assets:				
General obligation bonds payable	-	-	-	186,556
Certificates of obligation	1,287,197	-	-	1,370,077
Compensated absences payable	26,577	10,266	13,985	125,139
Claims payable	-	-	-	2,308,460
Net pension liability	4,079,150	3,048,300	2,293,565	13,106,440
Total other post-employment benefits liability	1,527,045	1,025,394	1,035,146	5,254,893
Total noncurrent liabilities:	6,919,969	4,083,960	3,342,696	22,351,565
Total liabilities	8,684,054	5,689,618	3,582,999	37,713,159
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension balances	606,097	454,725	383,770	1,934,738
Deferred other post employment benefits balances	66,713	60,727	45,717	244,991
Total deferred inflows of resources	672,810	515,452	429,487	2,179,729
NET POSITION:				
Net investment in capital assets	8,135,303	75,979	62,476	13,169,511
Restricted for capital acquisition	1,710,136	-	-	1,710,136
Unrestricted	1,575,286	(2,331,261)	(2,638,178)	(2,800,562)
Total net position	$ 11,420,725	$ (2,255,282)	$ (2,575,702)	$ 12,079,085

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXVIII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
OPERATING REVENUES:				
Charges for goods and services	$ 8,826,292	$ 11,051,373	$ 26,095,341	$ 3,515,867
Miscellaneous	113,011	3,383	888,501	107,617
Total operating revenues	8,939,303	11,054,756	26,983,842	3,623,484
OPERATING EXPENSES:				
Operating expenses before depreciation	9,569,701	10,880,034	27,919,215	4,164,254
Depreciation	20,459	230,066	-	-
Total operating expenses	9,590,160	11,110,100	27,919,215	4,164,254
Operating income (loss)	(650,857)	(55,344)	(935,373)	(540,770)
NONOPERATING REVENUES (EXPENSES):				
Investment revenue	7,125	46,382	131,229	90,655
Interest expense and fiscal charges	(9,572)	(7,374)	-	-
Other non-operating expenses	-	-	-	-
Total non-operating revenues (expenses)	(2,447)	39,008	131,229	90,655
Income (loss) before contributions and transfers	(653,304)	(16,336)	(804,144)	(450,115)
Transfers in	-	-	-	-
Transfers out	(564)	-	-	(16,978)
Change in net position	(653,868)	(16,336)	(804,144)	(467,093)
Net position at beginning of year	663,444	3,800,098	3,261,266	(294,023)
Total net position at end of year	$ 9,576	$ 3,783,762	$ 2,457,122	$ (761,116)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVIII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for goods and services	$ 15,916,144	$ 7,516,103	$ 5,212,973	$ 78,134,093
Miscellaneous	81,493	-	32,529	1,226,534
Total operating revenues	15,997,637	7,516,103	5,245,502	79,360,627
OPERATING EXPENSES:				
Operating expenses before depreciation	13,370,642	7,224,976	5,421,212	78,550,034
Depreciation	1,792,380	14,857	9,524	2,067,286
Total operating expenses	15,163,022	7,239,833	5,430,736	80,617,320
Operating income (loss)	834,615	276,270	(185,234)	(1,256,693)
NONOPERATING REVENUES (EXPENSES):				
Investment revenue	243,124	62,410	13,146	594,071
Interest expense and fiscal charges	(7,030)	-	-	(23,976)
Other non-operating expenses	14,320	-	-	14,320
Total non-operating revenues (expenses)	250,414	62,410	13,146	584,415
Income (loss) before contributions and transfers	1,085,029	338,680	(172,088)	(672,278)
Transfers in	29,626	-	-	29,626
Transfers out	-	(832,906)	(2,403,614)	(3,254,062)
Change in net position	1,114,655	(494,226)	(2,575,702)	(3,896,714)
Net position at beginning of year	10,306,070	(1,761,056)	-	15,975,799
Total net position at end of year	$ 11,420,725	$ (2,255,282)	$ (2,575,702)	$ 12,079,085

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 8,939,303	$ 11,048,602	$ 26,983,842	$ 3,623,484
Cash paid to employees for services	(2,023,495)	(2,196,108)	-	(1,261,028)
Cash paid to suppliers	(6,809,671)	(7,893,556)	(27,955,221)	(2,746,658)
Net cash provided (used) by operations	106,137	958,938	(971,379)	(384,202)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(564)	-	-	(16,978)
Transfers in	-	-	-	-
Net cash provided (used) by noncapital financing activities	(564)	-	-	(16,978)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Principal payments on capital debt	(41,052)	(233,460)	-	-
Interest and fiscal charges	(8,287)	(11,570)	-	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from capital contributions and transfers in	-	-	-	-
Acquisition and construction of capital assets	-	(353,509)	-	-
Net cash provided (used) by capital financing activities	(49,339)	(598,539)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	-	719,361	2,762,143	1,860,293
Purchase of investment securities	-	(1,352,178)	(2,844,636)	(2,137,933)
Interest received on investments	7,125	46,253	138,674	94,683
Net cash provided (used) by investing activities	7,125	(586,564)	56,181	(182,957)
Net increase in cash and cash equivalents	63,359	(226,165)	(915,198)	(584,137)
Cash and cash equivalents at beginning of year	280,720	583,830	1,564,850	1,071,202
Cash and cash equivalents at end of year	344,079	357,665	649,652	487,065
Investments, at fair value	-	1,867,780	3,392,588	2,543,531
Cash, cash equivalents and investments, at fair value	$ 344,079	$ 2,225,445	$ 4,042,240	$ 3,030,596
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (650,857)	$ (55,344)	$ (935,373)	$ (540,770)
Adjustments:				
Depreciation expense	20,459	230,066	-	-
Increase in receivables	-	(6,154)	-	-
Decrease in inventories	(1,695,513)	5,215	-	-
Decrease (Increase) in prepaid items	915	-	(8,076)	-
Increase in escrow deposits items	-	-	(12,000)	-
Increase (Decrease) in accounts payable	70,634	626,474	(15,930)	40,687
Increase (decrease) in compensated absences	3,305	22,932	-	43,588
Increase in interfund payables	2,235,000	-	-	-
Increase in net pension balances	80,250	86,603	-	51,464
Increase in other post-employment benefit balances	41,944	49,146	-	20,829
Total adjustments	756,994	1,014,282	(36,006)	156,568
Net cash provided (used) by operating activities	$ 106,137	$ 958,938	$ (971,379)	$ (384,202)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Increase in fair value of investments	-	15,235	35,084	24,804
Increase (Decrease) in equity due to non-cash transfers	-	-	-	-

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CASH FLOWS (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 15,995,431	$ 7,516,103	$ 5,245,502	$ 79,352,267
Cash paid to employees for services	(6,228,789)	(4,784,045)	(3,075,502)	(19,568,967)
Cash paid to suppliers	(6,288,784)	(867,551)	(2,033,348)	(54,594,789)
Net cash provided (used) by operations	3,477,858	1,864,507	136,652	5,188,511
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	(832,906)	-	(850,448)
Transfers in	29,626	-	-	29,626
Net cash provided (used) by noncapital financing activities	29,626	(832,906)	-	(820,822)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Principal payments on capital debt	(10,000)	-	-	(284,512)
Interest and fiscal charges	(6,709)	-	-	(26,566)
Proceeds from issuance of debt	1,603,317	-	-	1,603,317
Proceeds from capital contributions and transfers in	-	-	-	-
Acquisition and construction of capital assets	(8,294,155)	-	-	(8,647,664)
Net cash provided (used) by capital financing activities	(6,707,547)	-	-	(7,355,425)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	6,136,958	1,004,321	115,919	12,598,995
Purchase of investment securities	(5,500,747)	(2,076,135)	(241,134)	(14,152,763)
Interest received on investments	264,540	58,807	12,541	622,623
Net cash provided (used) by investing activities	900,751	(1,013,007)	(112,674)	(931,145)
Net increase in cash and cash equivalents	(2,299,312)	18,594	23,978	(3,918,881)
Cash and cash equivalents at beginning of year	3,659,994	313,727	-	7,474,323
Cash and cash equivalents at end of year	1,360,682	332,321	23,978	3,555,442
Investments, at fair value	7,105,697	1,735,434	125,215	16,770,245
Cash, cash equivalents and investments, at fair value	$ 8,466,379	$ 2,067,755	$ 149,193	$ 20,325,687
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 834,615	$ 276,270	$ (185,234)	$ (1,256,693)
Adjustments:				
Depreciation expense	1,792,380	14,857	9,524	2,067,286
Decrease (Increase) in receivables	(2,206)	-	-	(8,360)
Decrease in inventories	-	-	-	(1,690,298)
Decrease (Increase) in prepaid items	34,651	-	-	27,490
Increase in escrow deposits items	-	-	-	(12,000)
Increase (Decrease) in accounts payable	353,310	1,215,027	148,140	2,438,342
Increase (decrease) in compensated absences	102,885	81,778	(4,068)	250,420
Decrease in interfund payables	-	-	-	2,235,000
Decrease in net pension balances	258,839	249,993	118,044	845,193
Increase in other post-employment benefit balances	103,384	26,582	50,246	292,131
Total adjustments	2,643,243	1,588,237	321,886	6,445,204
Net cash provided (used) by operating activities	$ 3,477,858	$ 1,864,507	$ 136,652	$ 5,188,511
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Decrease in fair value of investments	79,102	10,795	446	165,466
Increase (Decrease) in equity due to non-cash transfers	-	-	(2,403,614)	(2,403,614)

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
OTHER AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments, at fair value	**$ 189,999**	**$ 1,155,121**	**$ 1,185,089**	**$ 160,031**
Total assets	**$ 189,999**	**$ 1,155,121**	**$ 1,185,089**	**$ 160,031**
LIABILITIES				
Accounts payable	**$ 189,999**	**$ 1,155,121**	**$ 1,185,089**	**$ 160,031**
Total liabilities	**$ 189,999**	**$ 1,155,121**	**$ 1,185,089**	**$ 160,031**

STATISTICAL SECTION

This part of the City of Denton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	$ 104,636,239	$ 103,073,465	$ 101,784,929	$ 116,146,838	$ 128,915,116
Restricted	2,894,676	2,839,556	3,460,027	4,116,256	12,233,226
Unrestricted	46,480,569	34,590,673	35,005,109	35,136,072	28,096,148
Total governmental activities net position	154,011,484	140,503,694	140,250,065	155,399,166	169,244,490
Business-type activities					
Net investment in capital assets	277,356,195	296,006,601	315,479,026	347,780,207	383,678,313
Restricted	30,598,923	30,454,314	28,559,731	28,654,879	28,056,605
Unrestricted	131,497,936	158,120,736	169,653,341	158,145,443	139,515,508
Total business-type activities net position	439,453,054	484,581,651	513,692,098	534,580,529	551,250,426
Primary government					
Net investment in capital assets	381,992,434	399,080,066	417,263,955	463,927,045	512,593,429
Restricted	33,493,599	33,293,870	32,019,758	32,771,135	40,289,831
Unrestricted	177,978,505	192,711,409	204,658,450	193,281,515	167,611,656
Total primary government net position	$ 593,464,538	$ 625,085,345	$ 653,942,163	$ 689,979,695	$ 720,494,916

(continued on the following page)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT (concluded)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	$ 141,914,877	$ 145,309,987	$ 165,408,284	$ 194,210,730	$ 242,957,674
Restricted	13,215,421	13,736,624	14,530,908	21,654,948	30,348,748
Unrestricted	(8,775,520)	(3,620,580)	(6,509,698)	(19,332,607)	(39,525,390)
Total governmental activities net position	146,354,778	155,426,031	173,429,494	196,533,071	233,781,032
Business-type activities					
Net investment in capital assets	421,894,337	460,330,063	502,801,204	540,697,505	589,492,414
Restricted	25,356,458	8,892,547	11,516,207	20,209,408	32,678,917
Unrestricted	122,542,446	151,234,604	145,191,889	177,836,401	173,355,308
Total business-type activities net position	569,793,241	620,457,214	659,509,300	738,743,314	795,526,639
Primary government					
Net investment in capital assets	563,809,214	605,640,050	668,209,488	734,908,235	832,450,088
Restricted	38,571,879	22,629,171	26,047,115	41,864,356	63,027,665
Unrestricted	113,766,926	147,614,024	138,682,191	158,503,794	133,829,918
Total primary government net position	$ 716,148,019	$ 775,883,245	$ 832,938,794	$ 935,276,385	$ 1,029,307,671

(concluded)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013	2014
EXPENSES					
Governmental activities:					
General government	$29,569,535	$28,198,604	$29,421,275	$27,686,735	$30,476,840
Public safety	47,998,906	49,154,371	52,496,010	52,906,985	56,893,859
Public works	15,767,926	16,089,302	18,662,029	18,663,884	16,950,280
Parks and recreation	12,854,336	12,421,893	12,968,426	13,714,245	14,543,461
Interest expense	5,121,329	5,046,724	4,755,938	4,464,309	4,339,154
Total governmental activities expenses	111,312,032	110,910,894	118,303,678	117,436,158	123,203,594
Business-type activities:					
Electric system	114,903,831	117,769,599	122,428,808	146,246,880	157,906,294
Water system	27,219,944	28,293,109	26,822,690	26,814,020	24,023,392
Wastewater system	20,560,600	20,455,424	20,890,614	21,467,088	22,176,191
Solid waste	18,028,832	20,008,746	21,695,322	21,730,796	23,844,055
Airport	-	1,326,397	1,472,155	1,608,989	2,435,446
Total business-type activities expenses	180,713,207	187,853,275	193,309,589	217,867,773	230,385,378
Total primary government expenses	292,025,239	298,764,169	311,613,267	335,303,931	353,588,972
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	3,551,733	4,108,687	3,873,349	4,105,648	4,645,655
Public safety	6,431,007	7,075,328	7,069,770	7,767,083	7,064,927
Public works	1,425,683	525,024	1,086,269	1,159,605	885,010
Parks and recreation	3,372,579	3,964,517	3,951,433	4,059,383	5,833,238
Operating grants and contributions	3,407,085	4,270,697	2,598,157	3,118,105	4,788,149
Capital grants and contributions	15,206,424	7,497,908	4,292,468	14,671,571	11,127,695
Total governmental activities program revenues	33,394,511	27,442,161	22,871,446	34,881,395	34,344,674
Business-type activities:					
Charges for services:					
Electric system	119,156,314	131,435,554	132,352,950	136,655,892	150,362,507
Water system	28,407,954	36,790,720	36,265,061	37,586,306	34,865,803
Wastewater system	21,917,651	23,338,841	24,570,095	26,588,179	28,629,754
Solid waste	18,432,245	20,979,967	22,944,272	24,468,976	25,980,914
Airport	-	3,203,426	1,909,619	1,880,812	1,925,825
Capital grants and contributions	5,153,568	5,053,024	4,317,463	9,877,185	5,656,622
Total business-type activities program revenues	193,067,732	220,801,532	222,359,460	237,057,350	247,421,425
Total primary government program revenues	226,462,243	248,243,693	245,230,906	271,938,745	281,766,099
NET (EXPENSE)/REVENUE					
Governmental activities	(77,917,521)	(83,468,733)	(95,432,232)	(82,554,763)	(88,858,920)
Business-type activities	12,354,525	32,948,257	29,049,871	19,189,577	17,036,047
Total primary government program net expense	$ (65,562,996)	$ (50,520,476)	$ (66,382,361)	$ (63,365,186)	$ (71,822,873)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019
EXPENSES					
Governmental activities:					
General government	$31,260,126	$33,847,052	$40,761,972	$37,968,945	$39,051,942
Public safety	58,132,146	63,118,516	68,546,557	71,945,219	77,883,435
Public works	20,331,934	24,557,482	24,994,628	25,683,779	24,502,864
Parks and recreation	14,982,742	16,043,697	16,792,417	17,422,273	17,710,634
Interest expense	4,384,973	4,664,608	4,970,968	5,379,149	6,750,917
Total governmental activities expenses	129,091,921	142,231,355	156,066,542	158,399,365	165,899,792
Business-type activities:					
Electric system	158,106,661	145,963,753	174,900,860	168,110,899	236,131,640
Water system	25,870,489	26,000,734	28,202,500	27,481,058	29,689,758
Wastewater system	24,307,305	23,921,154	26,730,157	26,284,049	28,317,484
Solid waste	26,766,890	29,435,101	34,532,856	29,028,299	30,541,859
Airport	2,100,281	2,536,460	1,930,767	1,802,703	2,017,380
Total business-type activities expenses	237,151,626	227,857,202	266,297,140	252,707,008	326,698,121
Total primary government expenses	366,243,547	370,088,557	422,363,682	411,106,373	492,597,913
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	5,364,405	6,015,305	5,266,777	6,489,438	6,460,483
Public safety	7,276,024	9,827,784	8,773,221	8,221,314	7,233,973
Public works	707,604	729,528	879,453	649,293	712,953
Parks and recreation	4,926,465	5,268,637	4,414,379	4,852,322	5,868,619
Operating grants and contributions	3,380,119	2,855,501	4,667,791	3,697,696	4,092,532
Capital grants and contributions	10,443,220	5,885,033	17,180,091	33,991,306	28,085,591
Total governmental activities program revenues	32,097,837	30,581,788	41,181,712	57,901,369	52,454,151
Business-type activities:					
Charges for services:					
Electric system	167,696,288	166,290,498	172,027,080	198,748,366	242,437,211
Water system	37,572,331	38,181,034	41,332,006	48,912,059	45,886,900
Wastewater system	30,790,885	31,900,885	33,360,603	35,594,624	35,042,110
Solid waste	29,091,216	31,236,506	33,847,593	33,590,463	34,670,519
Airport	1,277,402	1,183,661	1,495,619	1,625,672	1,397,581
Capital grants and contributions	8,593,699	7,705,101	20,347,889	20,519,510	16,039,076
Total business-type activities program revenues	275,021,821	276,497,685	302,410,790	338,990,694	375,473,397
Total primary government program revenues	307,119,658	307,079,473	343,592,502	396,892,063	427,927,548
NET (EXPENSE)/REVENUE					
Governmental activities	(96,994,084)	(111,649,567)	(114,884,830)	(100,497,996)	(113,445,641)
Business-type activities	37,870,195	48,640,483	36,113,650	86,283,686	48,775,276
Total primary government program net expense	$ (59,123,889)	$ (63,009,084)	$ (78,771,180)	$ (14,214,310)	$ (64,670,365)

(continued on the following page)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$43,144,645	$44,144,844	$45,174,160	$47,275,552	$48,833,077
Sales tax[1]	20,484,954	22,871,282	25,886,940	26,522,473	27,764,114
Franchise tax	17,457,994	19,324,244	19,336,701	19,901,459	21,001,427
Hotel occupancy tax	1,302,617	1,513,468	1,555,347	1,910,125	1,982,643
Beverage tax	347,940	359,671	345,032	392,192	419,498
Bingo tax	22,611	21,963	20,889	20,774	20,684
Investment income	684,709	459,615	581,849	354,089	563,236
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	5,690,969	2,370,682	1,390,398	1,428,907	1,980,545
Transfers	482,801	(10,430,082)	887,287	(101,707)	876,525
Total governmental activities	89,619,240	80,635,687	95,178,603	97,703,864	103,441,749
Business-type activities:					
Investment income	1,653,515	1,472,078	1,638,830	1,085,856	1,355,730
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	257,379	278,180	(690,967)	511,291	521,013
Transfers	(482,801)	10,430,082	(887,287)	101,707	(876,525)
Total business-type activities	1,428,093	12,180,340	60,576	1,698,854	1,000,218
Total primary government	91,047,333	92,816,027	95,239,179	99,402,718	104,441,967
CHANGE IN NET POSITION					
Governmental activities	11,701,719	(2,833,046)	(253,629)	15,149,101	14,582,829
Business-type activities	13,782,618	45,128,597	29,110,447	20,888,431	18,036,265
Total primary government	$ 25,484,337	$ 42,295,551	$ 28,856,818	$ 36,037,532	$ 32,619,094

(continued on the following page)

Source: Comprehensive Annual Financial Reports

[1] Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION (concluded)					
Governmental activities:					
Taxes:					
Property tax	$54,174,965	$58,788,255	$64,348,754	$67,185,610	$71,351,314
Sales tax[1]	30,601,965	32,624,297	36,841,137	38,270,026	38,330,825
Franchise tax	21,996,031	22,659,014	24,211,081	26,007,002	26,160,639
Hotel occupancy tax	2,156,294	2,243,264	2,374,221	2,733,720	3,039,747
Beverage tax	573,758	597,284	617,662	632,217	661,823
Bingo tax	20,380	18,910	13,633	11,244	11,445
Investment income	759,334	1,019,594	1,330,008	1,937,579	6,093,100
Gain on sale of capital assets	707,966	498,265	192,583	188,958	95,760
Miscellaneous	1,220,060	1,087,504	2,042,274	4,700,466	3,930,285
Transfers	1,140,938	1,184,433	916,940	(1,104,290)	1,018,664
Total governmental activities	113,351,691	120,720,820	132,888,293	140,562,532	150,693,602
Business-type activities:					
Investment income	1,692,971	2,010,008	3,471,635	4,083,560	9,026,713
Gain on sale of capital assets	42,455	1,197,915	383,741	240,740	-
Miscellaneous	-	-	-	-	-
Transfers	(1,140,938)	(1,184,433)	(916,940)	1,104,290	(1,018,664)
Total business-type activities	594,488	2,023,490	2,938,436	5,428,590	8,008,049
Total primary government	113,946,179	122,744,310	135,826,729	145,991,122	158,701,651
CHANGE IN NET POSITION					
Governmental activities	16,357,607	9,071,253	18,003,463	40,064,536	37,247,961
Business-type activities	38,464,683	50,663,973	39,052,086	91,712,276	56,783,325
Total primary government	$ 54,822,290	$ 59,735,226	$ 57,055,549	$ 131,776,812	$ 94,031,286

(concluded)

Source: Comprehensive Annual Financial Reports

[1] Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2011[1]	2012	2013	2014
General fund					
Committed to streets	$ -	$ 921,779	$ -	$ -	$ -
Assigned to use of reserves	-	668,116	664,894	1,377,039	661,545
Unreserved, undesignated, unassigned	21,526,779	22,834,108	25,171,186	24,378,139	25,176,737
Total general fund	21,526,779	24,424,003	25,836,080	25,755,178	25,838,282
All other governmental funds					
Reserved for:					
Debt service	3,354,535	-	-	-	-
Capital projects	44,970,571	-	-	-	-
Unreserved, undesignated reported in:					
Special revenue funds	13,838,425	-	-	-	-
Restricted for:					
Debt Service	-	3,279,080	3,824,438	4,572,807	4,726,841
Parks and recreation	-	9,561,244	10,496,887	9,220,953	11,584,890
Streets and drainage projects	-	21,857,670	22,004,377	23,759,574	25,790,648
Other capital projects	-	5,907,877	8,444,073	12,231,061	11,925,978
Other grants and purposes	-	1,223,822	1,789,241	2,223,626	2,465,093
Committed to:					
Streets	-	-	991,942	1,330,184	916,613
Parks and recreation	-	1,427,717	570,534	590,062	573,429
Other purposes	-	1,867,639	1,468,837	1,801,661	3,560,159
Assigned to:					
Streets and drainage projects	-	724,241	-	144,485	423,152
Other capital projects	-	1,332,105	3,003,344	2,599,101	2,868,390
Other purposes	-	77,341	49,026	56,900	34,847
Unassigned	-	(758,734)	(91,145)	(8,901)	(144,084)
Total all other governmental funds	$ 62,163,531	$ 46,500,002	$ 52,551,554	$ 58,521,513	$ 64,725,956

(continued on the following page)

Source: Comprehensive Annual Financial Reports

[1]**The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.**

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
General fund					
Committed to streets	$ -	$ -	$ -	$ -	$ -
Assigned to use of reserves	-	99,365	-	1,398,704	160,606
Unreserved, undesignated, unassigned	27,365,168	28,070,483	31,770,773	28,918,681	30,578,238
Total general fund	27,365,168	28,169,848	31,770,773	30,317,385	30,738,844
All other governmental funds					
Reserved for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, undesignated reported in:					
Special revenue funds	-	-	-	-	-
Restricted for:					
Debt Service	4,791,880	4,893,032	5,409,144	5,529,483	5,453,180
Parks and recreation	14,288,659	13,553,834	10,599,568	9,153,654	12,723,077
Streets and drainage projects	42,537,941	46,511,509	51,149,305	82,702,916	75,897,954
Other capital projects	10,603,695	13,512,733	18,544,086	21,984,608	20,271,843
Other grants and purposes	3,218,466	3,319,230	4,104,036	7,158,843	7,171,142
Committed to:					
Streets	1,388,223	1,798,624	1,158,667	4,495,971	5,965,815
Parks and recreation	513,484	498,150	439,825	520,852	549,415
Other purposes	4,430,392	5,500,983	6,889,093	3,150,491	3,779,944
Assigned to:					
Streets and drainage projects	2,214,613	3,430,681	7,897,077	10,591,478	10,867,803
Other capital projects	1,666,029	3,728,955	6,945,492	7,440,133	8,907,816
Other purposes	49,630	74,558	59	59	61
Unassigned	(73,857)	(242,338)	(2,942,377)	(943,930)	(782,684)
Total all other governmental funds	$ 85,629,155	$ 96,579,951	$ 110,193,975	$ 151,784,558	$ 150,805,366

(concluded)

Source: Comprehensive Annual Financial Reports

[1]The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
REVENUES:					
Taxes:					
Property tax	$ 43,326,427	$ 44,147,706	$ 45,116,485	$ 47,330,522	$ 48,872,016
Sales tax[1]	20,484,954	22,871,282	25,886,940	26,522,473	27,764,114
Hotel occupancy tax	1,302,617	1,513,468	1,555,347	1,910,125	1,982,643
Beverage tax	347,940	359,671	345,032	392,192	419,498
Bingo tax	22,611	21,963	20,889	20,774	20,684
Licenses and permits	1,198,552	1,460,548	1,436,215	1,446,580	1,978,421
Franchise fees	17,457,994	19,324,244	19,336,701	19,901,459	21,001,427
Fines and forfeitures	4,828,159	4,929,110	5,462,133	5,342,966	6,261,579
Fees for services	12,244,258	8,395,583	8,519,763	8,683,278	10,187,195
Investment revenue	684,709	459,615	581,849	354,089	563,236
Intergovernmental	16,639,038	10,896,063	6,739,864	9,914,834	10,986,128
Miscellaneous	1,002,133	1,911,634	1,171,618	1,322,762	2,648,160
Total revenues	119,539,392	116,290,887	116,172,836	123,142,054	132,685,101
EXPENDITURES:					
General government	26,909,485	25,784,296	24,359,018	25,047,062	28,188,722
Public safety	44,398,442	46,561,747	48,118,051	51,303,825	53,380,064
Public works	6,517,717	7,483,926	8,608,554	9,425,446	9,979,997
Parks and recreation	11,072,061	10,913,450	11,315,951	12,274,908	12,808,701
Capital outlay	14,164,662	12,937,053	10,983,987	20,038,064	20,660,461
Debt service:					
Principal retirement	9,277,804	9,670,892	9,770,660	10,017,719	10,703,071
Advance refunding escrow	-	-	130,111	110,145	-
Bond issuance costs	78,919	29,156	163,811	181,308	86,800
Interest and other charges	5,095,245	5,070,734	4,758,305	4,552,348	4,741,257
Total expenditures	117,514,335	118,451,254	118,208,448	132,950,825	140,549,073
Excess (deficiency) of revenues over (under) expenditures	2,025,057	(2,160,367)	(2,035,612)	(9,808,771)	(7,863,972)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	3,460,000	-	10,173,303	6,182,405	3,130,000
Payment to refunded bond escrow agent	(3,774,764)	-	(11,432,581)	(6,547,180)	(3,194,293)
Issuance of long-term debt	6,905,000	5,680,000	8,020,000	14,765,000	12,635,000
Premium on debt issuance	498,682	32,628	2,016,193	1,232,674	635,037
Insurance recoveries	-	-	19,961	-	-
Proceeds of capital lease	-	-	-	-	-
Sale of capital assets	160,495	303,307	153,127	148,417	85,059
Transfers in	5,815,769	1,968,253	4,741,735	2,980,448	3,596,433
Transfers (out)	(8,384,227)	(7,915,382)	(4,192,497)	(3,063,936)	(2,735,717)
Total other financing sources (uses)	4,680,955	68,806	9,499,241	15,697,828	14,151,519
NET CHANGE IN FUND BALANCES	$ 6,706,012	$ (2,091,561)	$ 7,463,629	$ 5,889,057	$ 6,287,547
Debt service as a percentage of noncapital expenditures	13.9%	14.0%	13.6%	12.9%	12.9%

Source: Comprehensive Annual Financial Reports **(continued on the following page)**

[1] **Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.**

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
REVENUES:					
Taxes:					
Property tax	$ 54,230,541	$ 58,802,856	$ 64,317,641	$ 67,055,807	$ 71,393,395
Sales tax[1]	30,601,965	32,624,297	36,841,137	38,270,026	38,330,825
Hotel occupancy tax	2,156,294	2,243,264	2,374,221	2,733,720	3,039,748
Beverage tax	573,758	597,284	617,662	632,217	661,823
Bingo tax	20,380	18,910	13,633	11,244	11,445
Licenses and permits	2,782,395	3,106,162	3,016,697	3,739,691	3,889,820
Franchise fees	21,996,031	22,659,014	24,211,081	26,007,002	26,160,639
Fines and forfeitures	6,505,175	6,433,158	6,039,401	5,539,793	5,147,203
Fees for services	9,391,260	10,927,305	10,395,166	10,536,817	11,583,743
Investment revenue	759,334	1,019,594	1,330,008	1,937,579	6,093,100
Intergovernmental	10,236,689	5,217,302	9,647,977	30,518,141	22,477,192
Miscellaneous	1,387,127	1,347,258	2,382,708	5,053,082	5,043,652
Total revenues	140,640,949	144,996,404	161,187,332	192,035,119	193,832,585
EXPENDITURES:					
General government	29,277,275	31,024,356	31,330,757	32,800,175	35,528,063
Public safety	55,978,174	59,067,019	61,156,694	66,355,282	71,257,658
Public works	12,439,131	11,604,966	15,871,804	14,710,211	14,579,218
Parks and recreation	13,277,516	13,987,694	14,140,518	14,671,894	15,221,092
Capital outlay	23,712,400	25,966,695	38,191,803	54,829,949	64,835,885
Debt service:					
Principal retirement	11,918,983	13,390,576	14,351,487	15,429,697	16,904,637
Advance refunding escrow	120,519	147,687	103,950	-	-
Bond issuance costs	181,409	154,948	171,252	284,181	142,226
Interest and other charges	4,647,528	5,246,925	5,819,949	6,561,442	8,146,969
Total expenditures	151,552,935	160,590,866	181,138,214	205,642,831	226,615,748
Excess (deficiency) of revenues over (under) expenditures	(10,911,986)	(15,594,462)	(19,950,882)	(13,607,712)	(32,783,163)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	14,290,000	12,045,000	10,850,000	-	-
Payment to refunded bond escrow agent	(15,604,758)	(14,075,445)	(11,358,665)	-	-
Issuance of long-term debt	29,240,000	22,780,000	33,405,000	56,960,000	25,870,000
Premium on debt issuance	3,214,914	4,317,817	3,077,360	3,206,728	2,006,343
Insurance recoveries	-	30,624	86,992	18,135	88,954
Proceeds of capital lease	-	150,155	-	-	-
Sale of capital assets	715,685	530,054	236,068	226,025	17,033
Transfers in	4,557,824	8,164,575	10,856,904	15,083,695	14,477,744
Transfers (out)	(3,071,594)	(6,592,842)	(9,987,828)	(21,749,676)	(10,234,644)
Total other financing sources (uses)	33,342,071	27,349,938	37,165,831	53,744,907	32,225,430
NET CHANGE IN FUND BALANCES	$ 22,430,085	$ 11,755,476	$ 17,214,949	$ 40,137,195	$ (557,733)
Debt service as a percentage of noncapital expenditures	13.0%	13.8%	14.1%	14.6%	15.5%

Source: Comprehensive Annual Financial Reports **(concluded)**

[1] **Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.**

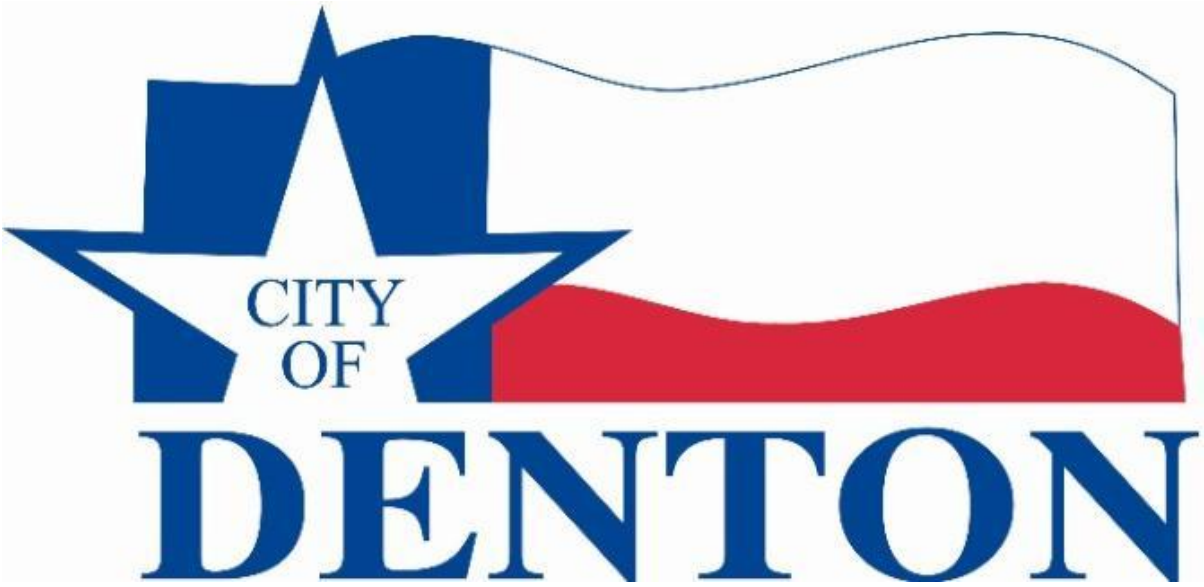
CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Less: Frozen Value[1]	Total Taxable Assessed Value[2]	Total Direct Tax Rate
2010	$ 6,619,118,472	$ 922,539,801	$ 1,213,749,251	$ -	$ 6,327,909,022	0.66652
2011	6,744,096,534	879,202,496	1,393,181,072	-	6,230,117,958	0.68975
2012	6,903,311,493	933,580,101	1,424,516,590	-	6,412,375,004	0.68975
2013	7,083,330,127	1,125,646,116	1,492,264,875	-	6,716,711,368	0.68975
2014	7,427,124,969	1,161,189,421	1,609,090,116	-	6,979,224,274	0.68975
2015	8,285,049,321	1,329,999,883	1,817,871,596	-	7,797,177,608	0.68975
2016	8,989,650,946	1,332,290,743	1,858,794,929	-	8,463,146,760	0.68975
2017	9,784,179,133	1,429,040,012	2,040,968,652	-	9,172,250,493	0.68334
2018	11,218,394,767	1,497,275,644	2,298,809,194	-	10,416,861,217	0.63786
2019	12,399,345,379	1,376,428,125	2,348,204,604	112,974,494	11,314,594,406	0.62048

Source: Denton Central Appraisal District

[1]**Fiscal year 2019 marks the first year of the Over 65/Disabled tax limitation (freeze).**

[2]**Total Taxable Assessed Value from 2013-2019 include the Downtown and West Park TIRZ's.**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CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton			Overlapping Rates		
					School Districts	
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2010	$ 0.44765	$ 0.21887	$ 0.66652	$ 0.24980	$ 1.49000	$ 1.41005
2011	0.47088	0.21887	0.68975	0.273900	1.53000	1.440050
2012	0.47088	0.21887	0.68975	0.277357	1.53000	1.460050
2013	0.47088	0.21887	0.68975	0.282867	1.53000	1.480050
2014	0.47480	0.21495	0.68975	0.284914	1.53000	1.475000
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050
2016	0.47456	0.21519	0.68975	0.262000	1.54000	1.570050
2017	0.46674	0.21660	0.68334	0.248409	1.54000	1.570050
2018	0.43031	0.20755	0.63786	0.237812	1.54000	1.585050
2019	0.40543	0.21505	0.62048	0.225574	1.54000	1.585050

(continued on the following page)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE) (concluded)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	Overlapping Rates					
	School Districts					
Fiscal Year	Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
2010	$ 1.54000	$ 1.44000	$ 1.37000	$ 1.30903	$ 1.36000	2.225348 - 2.456320
2011	1.540000	1.480000	1.370000	1.324890	1.360000	2.288540 - 2.503650
2012	1.540000	1.540000	1.370000	1.344610	1.372067	2.311717 - 2.507107
2013	1.540000	1.520000	1.370000	1.353292	1.372067	2.325909 - 2.512617
2014	1.510000	1.540000	1.370000	1.385000	1.372070	2.344664 - 2.514664
2015	1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000
2016	1.510000	1.540000	1.370000	1.387500	1.372067	2.321750 - 2.521800
2017	1.510000	1.540000	1.370000	1.467840	1.372067	2.301749 - 2.501799
2018	1.510000	1.540000	1.370000	1.467790	1.372067	2.245668 - 2.460718
2019	1.590000	1.540000	1.370000	1.467790	1.372067	2.216051 - 2.436051

(concluded)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.

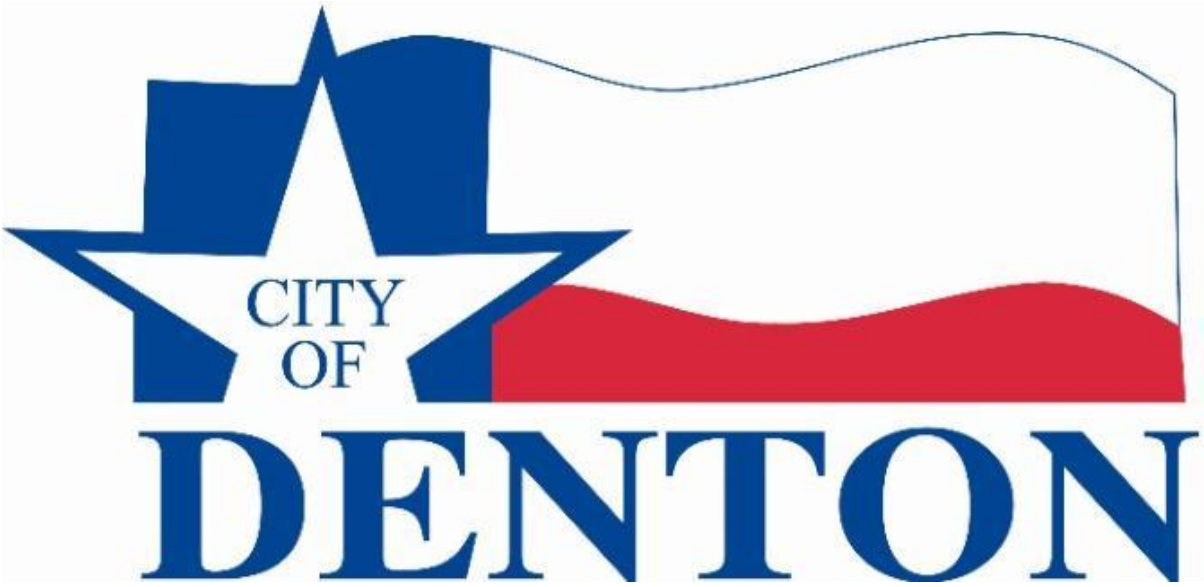
CITY OF DENTON, TEXAS **Table 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2019			2010		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
Target Corporation	$101,464,041	0.90%	Columbia Medical Center of Denton (Medical City Denton)	$83,900,462	1.33%
Columbia Medical Center of Denton (Medical City Denton)	83,902,796	0.74%	Inland Western Crossing (Denton Crossing Shopping Center)	53,041,520	0.84%
PACCAR Inc. (Peterbilt)	73,811,959	0.65%	PACCAR Inc. (Peterbilt)	52,109,610	0.82%
O'Reilly Hotel Partners (Embassy Suites Hotel and Convention Center)	55,859,534	0.49%	Verizon Southwest (Telephone Company)	32,549,140	0.51%
Winco Foods, LLC (Grocery Distributor)	55,189,070	0.49%	GEL Timberlinks (The Timbers at Denton)	29,500,000	0.47%
Inland Western Crossing (Denton Crossing Shopping Center)	54,096,002	0.48%	Aldi, LLC (Grocery Distributor)	25,554,780	0.40%
Southwire Company (Wire and Cable Manufacturer)	48,257,240	0.43%	Denton Education Housing Corp (University Courtyard Apartments)	21,693,000	0.34%
Rayzor Ranch Marketplace Associates	47,940,231	0.42%	SCI Gateway at Denton Fund 25, LLC (Gateway at Denton Apartments)	20,717,990	0.33%
NREA Gardens, DST (Gardens at Denton Apartments)	44,828,748	0.40%	CNL Retirement CRSI (Mayhill Hospital)	19,778,423	0.31%
Wells Services Division of STC (Schlumberger)	42,646,970	0.38%	Value Family Properties (Pecan Creek Mobile Home Park)	19,776,368	0.31%
Total	$ 607,996,591	5.37%	Total	$ 358,621,293	5.66%

Source: Denton Central Appraisal District

[1]**Total taxable assessed value for tax year 2018 (fiscal year 2019) is $11,314,594,406.**

[2]**Total taxable assessed value for tax year 2009 (fiscal year 2010) is $6,327,909,022.**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CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2010	$ 42,898,414	$ 56,034	$ 42,954,448	$ 42,448,364	98.82%	$ 432,579
2011	43,890,121	(2,866)	43,887,255	43,447,508	99.00%	384,097
2012	44,856,277	21,567	44,877,844	44,461,501	99.07%	346,245
2013	46,965,495	37,212	47,002,707	46,638,975	99.23%	289,169
2014	48,398,900	70,987	48,469,887	48,083,910	99.20%	304,016
2015	53,829,793	(93,124)	53,736,669	53,503,029	99.57%	127,026
2016	58,634,172	(15,770)	58,618,401	58,280,013	99.42%	211,543
2017	64,030,255	(70,380)	63,959,875	63,702,954	99.60%	128,328
2018	66,830,333	(57,089)	66,773,244	66,493,774	99.58%	76,952
2019	70,914,567	-	70,914,567	70,345,941	99.20%	-

(continued on the following page)

Source: Denton Central Appraisal District

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Total Collections to Date	
	Amount	Percentage of Levy
2010	$ 42,880,943	99.83%
2011	43,831,605	99.87%
2012	44,807,746	99.84%
2013	46,928,144	99.84%
2014	48,387,926	99.83%
2015	53,630,055	99.80%
2016	58,491,556	99.78%
2017	63,831,282	99.80%
2018	66,570,726	99.70%
2019	70,345,941	99.20%
		(concluded)

Source: Denton Central Appraisal District

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2010	$ 77,314,650	$ 45,727,950	$ 1,798,093	$ 1,771,952	$ 209,885,000	$ 39,600,350	$ 126,207,050
2011	73,395,650	43,036,419	1,475,673	1,879,906	187,525,000	47,209,350	150,553,581
2012	80,013,439	33,910,342	3,272,887	1,891,895	156,855,000	59,301,561	181,314,658
2013	80,719,761	37,514,485	3,737,386	983,249	144,225,000	55,970,239	222,955,515
2014	78,316,161	41,570,000	3,593,057	1,102,864	112,170,000	79,188,839	290,640,000
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000
2016	109,861,174	34,565,000	9,250,779	1,373,230	-	141,063,826	416,465,000
2017	118,267,663	49,285,000	10,994,176	498,062	214,890,000	127,677,337	467,620,000
2018	127,647,935	81,200,000	12,515,724	4,171	214,890,000	111,347,065	447,050,000
2019	135,507,957	83,560,000	12,749,386	-	214,890,000	118,682,043	414,890,000

(continued on the following page)

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE (concluded)
LAST TEN FISCAL YEARS

	Business-Type Activities				
Fiscal Year	Premiums, Discounts	Other Obligations	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2010	$ 14,799,674	$ 1,824,177	$ 518,928,896	0.02103%	4,576.78
2011	13,078,316	1,279,130	519,433,025	0.01982%	4,535.86
2012	17,869,148	713,408	535,142,338	0.02150%	4,626.78
2013	18,645,703	363,487	565,114,825	0.02040%	4,813.71
2014	23,263,019	-	629,843,940	0.02145%	5,285.79
2015	27,564,104	-	703,593,154	0.02398%	5,817.46
2016	38,514,641	-	751,093,650	0.02545%	6,118.44
2017	69,029,540	-	1,058,261,778	0.03267%	8,466.91
2018	61,504,481	-	1,056,157,358	0.03176%	8,310.11
2019	56,877,139	-	1,037,156,525	0.02907%	8,000.59

(concluded)

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1]See Table 13 for personal income and population data.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value of Property[1]	Per Capita[2]
2010	$ 116,915,000	$ 171,935,000	$ 11,933,474	$ 2,894,676	$ 297,888,798	4.71%	$ 2,627.28
2011	120,605,000	193,590,000	10,580,069	2,839,556	321,935,513	5.17%	2,811.25
2012	139,315,000	215,225,000	18,283,190	3,460,027	369,363,163	5.76%	3,193.47
2013	136,690,000	260,470,000	20,029,829	4,116,256	413,073,573	6.15%	3,518.60
2014	157,505,000	332,210,000	25,434,647	4,261,848	510,887,799	7.32%	4,287.48
2015	203,605,000	400,965,000	33,414,816	4,260,793	633,724,023	8.13%	5,239.77
2016	250,925,000	451,030,000	47,765,420	4,314,370	745,406,050	8.81%	6,072.11
2017	245,945,000	516,905,000	49,644,634	4,666,797	807,827,837	8.81%	6,463.24
2018	238,995,000	528,250,000	46,011,204	4,773,267	808,482,937	7.76%	6,361.35
2019	254,190,000	498,450,000	43,987,604	4,627,301	792,000,303	7.00%	6,109.46

Source: Comprehensive Annual Financial Reports

(continued on the following page)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING (concluded)
LAST TEN FISCAL YEARS

	Tax Supported General Bonded Debt Outstanding			
Fiscal Year	Less: Revenue Supported Debt[3]	Net Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2010	$ 175,942,781	$ 121,946,017	1.93%	$ 1,075.52
2011	206,867,327	115,068,186	1.85%	1,004.81
2012	255,626,522	113,736,641	1.77%	983.35
2013	295,218,197	117,855,376	1.75%	1,003.90
2014	391,670,429	119,217,370	1.71%	1,000.50
2015	495,335,935	138,388,088	1.77%	1,144.22
2016	596,043,467	149,362,583	1.76%	1,216.71
2017	633,947,795	173,880,042	1.90%	1,391.17
2018	619,901,546	188,581,391	1.81%	1,483.81
2019	590,449,182	201,551,121	1.78%	1,554.76
				(concluded)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

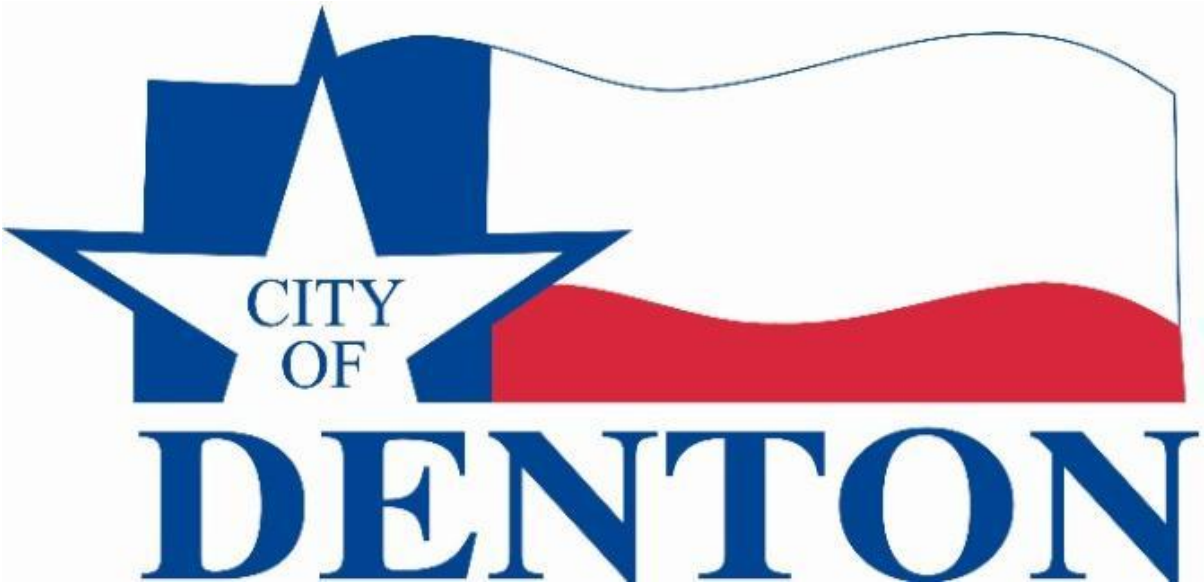
CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 1,129,693,172	62.06%	$ 701,087,582
Denton County	590,380,000	12.50%	73,797,500
Argyle Independent School District	192,862,890	8.63%	16,644,067
Aubrey Independent School District	83,637,910	0.11%	92,002
Krum Independent School District	37,500,866	8.38%	3,142,573
Lake Dallas Independent School District	151,925,180	1.54%	2,339,648
Pilot Point Independent School District	14,990,000	1.92%	287,808
Ponder Independent School District	14,774,862	1.25%	184,686
Sanger Independent School District	19,490,524	0.35%	68,217
Subtotal, overlapping debt			797,644,083
City of Denton, direct debt		100.00%	231,817,343
Total direct and overlappping debt			$ 1,029,461,426
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			9.10%
Per capita overlapping funded debt			$ 7,941

Source: Municipal Advisory Council of Texas website

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.


CITY
OF
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CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[3]
2010	$ 166,295,694	$ 1,593,161	$ (550,830)	$ 3,186,225	$ 137,201,402	$ 12,828,293
2011	186,359,226	1,340,539	(66,712)	5,205,889	136,774,866	14,304,393
2012	189,645,277	1,477,452	110,626	3,542,829	139,801,421	14,414,769
2013	197,126,041	983,424	(227,534)	3,704,336	164,688,198	14,582,800
2014	208,666,178	1,225,879	46,226	5,191,886	175,620,125	15,278,150
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904
2016	229,086,008	1,772,813	(132,432)	7,286,409	163,392,323	17,027,566
2017	239,310,663	3,150,469	(737,238)	7,409,026	182,455,762	18,215,432
2018	271,387,844	3,599,667	(707,351)	11,867,205	177,438,191	20,089,862
2019	311,420,814	7,852,695	2,174,835	11,945,407	236,743,123	20,527,742

(continued on the following page)

Source: Comprehensive Annual Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[4]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[5]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE (concluded)
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds							
		Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			
Fiscal Year	Net Available Revenue	Principal	Interest	Times Coverage[4]	Principal	Interest	Times Coverage	Total Times Coverage[5]
2010	$ 47,252,801	$ 13,180,000	$ 9,208,682	2.11	-	-	N/A	2.11
2011	70,501,893	8,460,000	7,982,284	4.29	4,610,000	7,315,189	5.91	2.49
2012	69,168,280	12,630,000	7,028,800	3.52	11,880,000	7,477,233	3.57	1.77
2013	51,935,937	13,260,000	6,437,088	2.64	9,940,000	9,115,348	2.73	1.34
2014	54,695,742	11,570,000	4,902,319	3.32	11,860,000	10,306,245	2.47	1.42
2015	78,641,353	10,210,000	2,551,456	6.16	15,535,000	14,115,713	2.65	1.85
2016	91,912,905	10,210,000	2,551,456	7.20	18,800,000	18,258,583	2.48	1.84
2017	86,367,066	-	3,680,389	23.47	25,495,000	21,419,293	1.84	1.71
2018	130,213,738	-	10,685,000	12.19	31,035,000	22,962,237	2.41	2.01
2019	112,828,700	-	10,685,000	10.56	34,805,000	21,067,832	2.02	1.70

(concluded)

Source: Comprehensive Annual Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[4]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[5]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2010	113,383	2,467,894,378	21,766	28.9	24,047	47,236	6.6%
2011	114,517	2,621,408,647	22,891	28.9	24,901	47,720	6.3%
2012	115,662	2,489,161,902	21,521	27.0	25,791	48,227	5.5%
2013	117,397	2,769,630,024	23,592	26.9	26,339	48,584	5.2%
2014	119,158	2,936,410,594	24,643	27.5	27,105	48,497	4.2%
2015	120,945	2,934,125,700	24,260	27.9	27,473	49,665	3.4%
2016	122,759	2,950,758,083	24,037	28.4	28,658	50,809	3.5%
2017	124,988	3,239,064,020	25,915	28.5	29,433	50,911	3.1%
2018	127,093	3,325,388,345	26,165	29.1	30,219	51,100	3.1%
2019	129,635	3,567,425,565	27,519	29.9	30,973	52,368	2.8%

Sources:

[1]**City of Denton Planning and Development Department estimate. Prior population figures have been adjusted to reflect the 2010 census data.**

[2]**United States Census and Denton Chamber of Commerce**

[3]**Denton Independent School District**

[4]**University of North Texas' and Texas Woman's University's Denton campus enrollment**

[5]**Texas Workforce Commission estimate**

CITY OF DENTON, TEXAS **Table 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2019			2010		
Name of Employer	Employees	Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
University of North Texas	4,626	6.13%	University of North Texas	7,949	13.16%
Denton Independent School District	4,417	5.85%	Denton Independent School District	2,600	4.30%
Peterbilt Motors-Headquarters & Plant	3,075	4.08%	Texas Woman's University	1,620	2.68%
Texas Woman's University	1,875	2.48%	Denton State School	1,533	2.54%
Denton State Supported Living Center	1,700	2.25%	Peterbilt Motors-Headquarters & Plant	1,450	2.40%
Denton County (in Denton)	1,681	2.23%	Denton County (in Denton)	1,441	2.39%
City of Denton	1,623	2.15%	City of Denton	1,319	2.18%
Texas Presbyterian Hospital	1,076	1.43%	Denton Regional Medical Center	850	1.41%
Medical City Denton	950	1.26%	Presbyterian Hospital of Denton	800	1.32%
Sally Beauty Holdings, Inc	950	1.26%	Sally Beauty Company Headquarters	750	1.24%
Total	21,973	29.12%	Total	20,312	33.62%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2010**	**2011**	**2012**	**2013**	**2014**
General government	194.63	195.00	204.25	210.25	210.25
Public safety					
Police	217.23	222.23	217.23	219.23	225.23
Fire	163.25	163.25	163.25	167.75	167.75
Animal services	8.00	8.00	9.00	11.00	11.00
Municipal Court/Judge	17.50	18.50	19.50	19.50	19.50
Public Safety Communication[1]	-	-	-	-	-
Public works	39.00	39.00	41.00	44.00	46.00
Parks and recreation	143.08	142.58	141.08	143.35	145.81
Electric system	129.50	129.50	131.50	143.00	164.00
Water system	158.00	158.50	158.00	154.00	133.50
Wastewater system	86.37	88.37	92.37	97.25	100.75
Solid waste	93.50	98.50	105.50	115.00	117.00
Airport	-	5.00	5.50	6.50	6.50
Materials management	13.50	13.50	12.00	13.00	15.00
Fleet services	21.00	21.00	22.00	22.00	22.00
Technology services	25.00	26.00	27.00	29.00	31.00
Engineering	-	-	-	-	31.00
Risk Retention	5.00	5.00	6.00	6.00	6.00
Customer Service	-	-	-	-	-
Total	1,314.56	1,333.93	1,355.18	1,400.83	1,452.29

(continued on the following page)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2015**	**2016**	**2017**	**2018**	**2019**
General government	218.75	229.75	224.75	224.25	226.50
Public safety					
Police	228.23	230.23	249.73	253.73	239.73
Fire	168.25	177.25	184.25	191.25	194.25
Animal services	13.00	13.00	14.00	14.00	16.50
Municipal Court/Judge	19.00	19.00	18.00	17.00	15.50
Public Safety Communication[1]	-	-	-	-	30.00
Public works	49.50	54.50	61.00	60.00	55.00
Parks and recreation	145.81	148.48	157.73	157.73	163.93
Electric system	174.00	188.00	191.00	199.00	187.00
Water system	140.50	144.50	151.50	149.00	105.50
Wastewater system	108.75	111.25	111.25	110.00	113.50
Solid waste	120.00	124.50	132.50	132.50	122.50
Airport	7.50	7.50	6.50	6.00	6.00
Materials management	15.00	16.00	17.00	18.00	23.00
Fleet services	22.00	24.00	24.00	23.00	26.00
Technology services	36.00	36.00	43.00	44.00	56.75
Engineering	34.00	34.00	35.00	36.00	52.00
Risk Retention	8.00	8.00	9.00	9.00	10.00
Customer Service	-	-	-	-	42.50
Total	1,508.29	1,565.96	1,630.21	1,644.46	1,686.16

(concluded)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2010**	**2011**	**2012**	**2013**	**2014**
Public Safety					
Police					
Calls for service	**83,746**	**84,899**	**81,104**	**81,084**	**83,704**
Traffic citations issued	**33,990**	**29,162**	**28,327**	**30,166**	**27,160**
Fire					
Fire calls for service	**3,199**	**3,423**	**3,316**	**3,845**	**4,183**
EMS calls for service	**7,255**	**7,458**	**7,657**	**7,717**	**7,977**
Inspections (Businesses)	**4,739**	**4,370**	**4,310**	**4,366**	**4,830**
Animal Services					
Animals sheltered	**5,042**	**4,936**	**5,467**	**5,420**	**5,072**
Animals adopted, transferred, or returned	**3,264**	**3,730**	**4,332**	**4,209**	**3,895**
Public Works					
Street repaving (lane miles)	**10.27**	**8.33**	**15.43**	**10.26**	**25.59**
Pot holes repaired	**20,988**	**10,535**	**10,807**	**7,227**	**8,996**
Cutouts base failures (square feet)	**169,396**	**146,925**	**102,879**	**114,448**	**72,098**
Crack seal maintenance (linear feet)	**53,712**	**116,556**	**117,780**	**155,838**	**77,451**
Parks and Recreation					
Attendance					
Leisure Services	**1,153,632**	**1,093,705**	**969,858**	**909,395**	**1,060,988**
Water Park	**193,361**	**200,553**	**212,123**	**215,605**	**209,406**
Total Acres Maintained	**2,633**	**2,570**	**2,405**	**2,272**	**2,425**
Water					
Number of customers	**30,889**	**31,222**	**31,372**	**31,837**	**32,405**
Annual finished water production (in thousand gallons)	**6,209,966**	**7,331,902**	**6,750,840**	**6,827,186**	**6,155,724**
Wastewater					
Number of customers	**29,105**	**29,519**	**29,772**	**30,103**	**30,562**
Annual wastewater discharge (in thousand gallons)	**5,617,490**	**4,852,097**	**4,966,250**	**4,943,270**	**4,926,080**
Solid Waste					
Number of customers (residential and commercial)	**32,044**	**32,621**	**33,049**	**34,003**	**36,593**
MSW Landfilled (tons)	**140,284**	**149,930**	**164,436**	**176,076**	**203,928**
Recycling collections (tons)	**50,246**	**73,912**	**86,887**	**96,055**	**87,655**

(continued on the following page)

Source: Various city departments

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2015**	**2016**	**2017**	**2018**	**2019**
Public Safety					
Police					
Calls for service	84,434	86,399	87,122	81,672	87,847
Traffic citations issued	22,022	20,207	22,323	20,251	22,747
Fire					
Fire calls for service	3,933	4,511	4,651	4,978	3,502
EMS calls for service	8,079	8,943	9,687	9,876	9,130
Inspections (Businesses)	4,066	4,361	3,988	4,142	3,537
Animal Services					
Animals sheltered	4,876	5,032	4,944	4,924	5,027
Animals adopted, transferred, or returned	3,870	4,468	4,203	4,236	4,065
Public Works					
Street repaving (lane miles)	18.21	25.69	28.36	32.01	16.89
Pot holes repaired	11,872	15,254	16,972	6,228	6,658
Cutouts base failures (square feet)	99,085	152,002	95,601	328,022	72,819 [1]
Crack seal maintenance (linear feet)	59,115	37,828	119,611	438,240	47,908 [1]
Parks and Recreation					
Attendance					
Leisure Services	967,132	1,007,102	1,082,246	1,166,987	1,000,918
Water Park	218,232	224,893	232,527	210,171	218,326
Total Acres Maintained	2,469	2,511	2,206	2,245	1,990
Water					
Number of customers	33,465	34,198	34,714	35,945	36,876
Annual finished water production (in thousand gallons)	6,355,608	6,301,333	6,368,582	7,141,131	6,706,951
Wastewater					
Number of customers	31,243	32,077	32,618	33,987	34,873
Annual wastewater discharge (in thousand gallons)	5,834,100	6,111,680	5,175,571	4,548,900	5,335,150
Solid Waste					
Number of customers (residential and commercial)	37,540	39,806	41,219	42,499	43,256
MSW Landfilled (tons)	227,859	251,305	268,000	276,537	310,487
Recycling collections (tons)	81,558	113,743	117,155	105,493	48,025

(concluded)

Source: Various city departments

[1]The City did less route and seal of the concrete pavement and more clean and seal of asphalt pavement during the year. The drop in # of cutouts and crack seal maintenance was due to resources beign allocated to other projects and programs.

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	Fiscal Year 2010	2011	2012	2013	2014
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	149	143	139	137	138
Fire					
Fire stations	7	7	7	7	7
Emergency vehicles	30	30	30	31	31
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	41.77	1.56	2.45	12.00	12.20
Streetlights	7,016	6,996	6,987	7,020	7,067
Parks and recreation					
Parks	34	34	34	34	34
Parks and open spaces acreage	1,341	1,332	1,431	1,461	1,783
Recreation centers	12	12	12	12	12
Water					
Water mains (miles)	558	560	565	572	592
Raw water (in thousand gallons)	6,416,086	7,572,149	7,013,351	6,776,717	6,195,624
Wastewater					
Wastewater mains (miles)	495	496	501	509	513
Maximum daily capacity (in million gallons)	25	25	25	25	25
Solid waste					
Landfills	1	1	1	1	1

(continued on the following page)

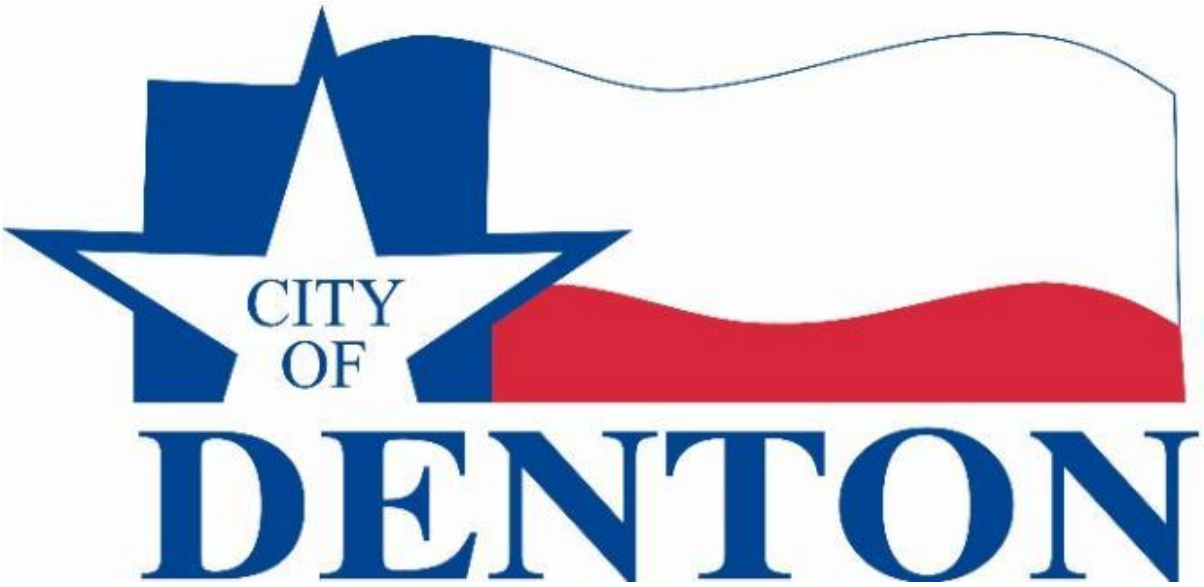
Source: Various city departments

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2015**	**2016**	**2017**	**2018**	**2019**
Public safety					
Police					
Police stations	**1**	**1**	**1**	**1**	**1**
Police patrol units	**137**	**141**	**147**	**155**	**168**
Fire					
Fire stations	**7**	**7**	**7**	**7**	**7**
Emergency vehicles	**32**	**36**	**36**	**37**	**37**
Animal services					
Animals shelters	**1**	**1**	**1**	**1**	**1**
Public works					
Lane miles added per year	**5.83**	**8.11**	**22.45**	**22.64**	**85.60**
Streetlights	**7,164**	**7,233**	**7,414**	**7,771**	**7,889**
Parks and recreation					
Parks	**34**	**34**	**34**	**34**	**34**
Parks and open spaces acreage	**1,783**	**2,284**	**2,284**	**2,245**	**4,033**
Recreation centers	**12**	**12**	**12**	**12**	**12**
Water					
Water mains (miles)	**604**	**618**	**626**	**631**	**631**
Raw water (in thousand gallons)	**6,493,457**	**6,182,450**	**6,232,032**	**6,946,073**	**6,473,664**
Wastewater					
Wastewater mains (miles)	**516**	**521**	**526**	**533**	**533**
Maximum daily capacity (in million gallons)	**25**	**25**	**25**	**25**	**25**
Solid waste					
Landfills	**1**	**1**	**1**	**1**	**1**

(concluded)

Source: Various city departments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CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,654,392	$ 1,654,392	$ 1,748,551	$ (94,159)
Materials and Supplies	37,945	45,116	40,499	4,617
Maintenance and Repairs	1,800	1,800	1,095	705
Insurance	21,067	21,067	21,067	-
Miscellaneous	58,275	106,421	113,695	(7,274)
Operations, Services	153,625	208,049	210,864	(2,815)
Transfers - Interfund	199,101	199,848	209,159	(9,311)
Capital Outlay	-	-	6,688	(6,688)
City Manager's Office	2,126,205	2,236,693	2,351,618	(114,925)
Personal Service	303,442	303,442	302,689	753
Materials and Supplies	700	700	1,136	(436)
Insurance	4,609	4,609	4,609	-
Miscellaneous	1,000	1,000	1,050	(50)
Operations, Services	13,866	13,866	6,835	7,031
Transfers - Interfund	14,980	14,980	15,637	(657)
Cable Television	338,597	338,597	331,956	6,641
Personal Service	479,586	479,586	383,415	96,171
Materials and Supplies	10,800	10,800	8,873	1,927
Insurance	2,269	2,269	2,269	-
Miscellaneous	-	-	193	(193)
Operations, Services	56,250	56,001	49,881	6,120
Transfers - Interfund	-	249	249	-
Internal Audit	548,905	548,905	444,880	104,025
Personal Service	800,346	800,346	803,267	(2,921)
Materials and Supplies	173,475	173,475	162,890	10,585
Insurance	4,102	4,102	4,102	-
Miscellaneous	-	356,486	-	356,486
Operations, Services	356,486	21,800	289,732	(267,932)
Transfers - Interfund	21,800	-	22,676	(22,676)
Public Communications	1,356,209	1,356,209	1,282,667	73,542
Personal Service	1,238,813	1,225,101	1,153,309	71,792
Materials and Supplies	29,900	29,900	16,042	13,858
Maintenance and Repairs	500	500	-	500
Insurance	20,333	20,333	20,333	-
Miscellaneous	45,000	45,000	47,997	(2,997)
Operations, Services	381,971	395,683	409,009	(13,326)
Transfers - Interfund	110,952	110,952	115,321	(4,369)
Human Resources	1,827,469	1,827,469	1,762,011	65,458
Personal Service	2,329,996	2,228,740	2,071,664	157,076
Materials and Supplies	58,763	81,629	72,080	9,549
Insurance	17,466	17,466	17,466	-
Operations, Services	210,755	250,755	227,002	23,753
Transfers - Interfund	86,549	124,939	159,318	(34,379)
Legal Administration	$ 2,703,529	$ 2,703,529	$ 2,547,530	$ 155,999

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 395,919	$ 395,919	$ 372,655	$ 23,264
Materials and Supplies	4,576	4,576	1,746	2,830
Insurance	5,145	5,145	5,145	-
Miscellaneous	-	-	28	(28)
Operations, Services	7,285	7,285	6,711	574
Transfers - Interfund	35,236	35,236	36,550	(1,314)
Municipal Judge	448,161	448,161	422,835	25,326
Personal Service	2,039,891	2,039,891	1,874,016	165,875
Materials and Supplies	46,551	46,551	66,968	(20,417)
Maintenance and Repairs	-	-	722	(722)
Insurance	28,943	28,943	28,943	-
Miscellaneous	43,181	43,181	11,377	31,804
Operations, Services	1,179,787	697,367	667,168	30,199
Transfers - Interfund	225,208	707,628	715,730	(8,102)
Planning	3,563,561	3,563,561	3,364,924	198,637
Personal Service	2,595,295	2,595,295	2,638,674	(43,379)
Materials and Supplies	62,242	61,879	43,668	18,211
Maintenance and Repairs	-	-	1,817	(1,817)
Insurance	41,679	41,679	41,679	-
Miscellaneous	-	-	90	(90)
Operations, Services	113,772	113,772	81,366	32,406
Transfers - Interfund	239,898	240,261	247,925	(7,664)
Building Inspections	3,052,886	3,052,886	3,055,219	(2,333)
Personal Service	138,907	138,907	130,687	8,220
Materials and Supplies	202,800	202,800	179,377	23,423
Maintenance and Repairs	3,000	3,000	1,759	1,241
Insurance	2,454	2,454	2,454	-
Operations, Services	3,635	3,635	6,771	(3,136)
Transfers - Interfund	14,662	14,662	15,319	(657)
Reprographics	365,458	365,458	336,367	29,091
Personal Service	364,544	364,544	123,244	241,300
Materials and Supplies	7,100	6,600	470	6,130
Maintenance and Repairs	200	200	77	123
Insurance	4,894	4,894	4,894	-
Miscellaneous	250	250	58	192
Operations, Services	10,308	10,808	175,404	(164,596)
Transfers - Interfund	28,310	28,310	28,528	(218)
Gas Well Review	415,606	415,606	332,675	82,931
Personal Service	900,649	900,649	920,497	(19,848)
Materials and Supplies	45,100	45,100	36,218	8,882
Insurance	41,660	41,660	41,660	-
Miscellaneous	50	166	165	1
Operations, Services	503,547	503,431	371,587	131,844
Transfers - Interfund	70,722	70,722	73,130	(2,408)
Community Improvement	$ 1,561,728	$ 1,561,728	$ 1,443,257	$ 118,471

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,080,339	$ 1,080,339	$ 903,423	$ 176,916
Materials and Supplies	39,900	39,900	40,191	(291)
Insurance	20,077	20,077	20,077	-
Miscellaneous	1,200	1,200	45	1,155
Operations, Services	35,111	34,187	29,502	4,685
Transfers - Interfund	96,920	97,844	101,737	(3,893)
Municipal Court	1,273,547	1,273,547	1,094,975	178,572
Personal Service	2,996,360	2,883,541	2,756,258	127,283
Materials and Supplies	80,378	80,378	42,329	38,049
Maintenance and Repairs	1,800	1,800	899	901
Insurance	29,809	29,809	29,809	-
Miscellaneous	1,415	1,415	2,497	(1,082)
Operations, Services	132,245	141,498	111,095	30,403
Transfers - Interfund	378,487	379,234	385,079	(5,845)
Finance	3,620,494	3,517,675	3,327,966	189,709
Personal Service	670,254	670,254	664,886	5,368
Materials and Supplies	39,650	39,650	28,573	11,077
Maintenance and Repairs	5,600	4,600	4,412	188
Insurance	8,437	8,437	8,437	-
Miscellaneous	85,397	85,397	77,894	7,503
Operations, Services	5,099,055	5,000,055	3,830,854	1,169,201
Transfers - Interfund	42,801	142,801	144,553	(1,752)
Economic Development	5,951,194	5,951,194	4,759,609	1,191,585
Personal Service	6,383,619	6,322,886	6,129,574	193,312
Materials and Supplies	651,939	671,939	572,861	99,078
Maintenance and Repairs	604,076	595,546	374,135	221,411
Insurance	139,144	139,144	139,144	-
Miscellaneous	1,940	1,940	2,627	(687)
Operations, Services	2,320,301	2,301,154	2,273,913	27,241
Transfers - Interfund	601,234	669,644	678,619	(8,975)
Capital Outlay	-	-	120,380	(120,380)
Parks & Recreation	10,702,253	10,702,253	10,291,253	411,000
Personal Service	1,876,724	1,876,724	1,777,904	98,820
Materials and Supplies	47,624	47,624	57,713	(10,089)
Maintenance and Repairs	1,346,371	1,221,016	1,106,413	114,603
Insurance	30,204	30,204	30,204	-
Miscellaneous	1,544	1,544	28	1,516
Operations, Services	1,212,736	1,212,736	1,251,195	(38,459)
Transfers - Interfund	871,777	997,132	396,265	600,867
Capital Outlay	-	-	77,098	(77,098)
Facilities Management	5,386,980	5,386,980	4,696,820	690,160
Personal Service	3,806,947	3,784,274	3,689,098	95,176
Materials and Supplies	152,671	161,222	144,505	16,717
Maintenance and Repairs	69,813	67,492	64,536	2,956
Insurance	89,534	89,534	89,534	-
Operations, Services	493,370	494,184	446,554	47,630
Transfers - Interfund	850,943	880,248	926,446	(46,198)
Capital Outlay	500,400	486,724	486,708	16
Library	$ 5,963,678	$ 5,963,678	$ 5,847,381	$ 116,297

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

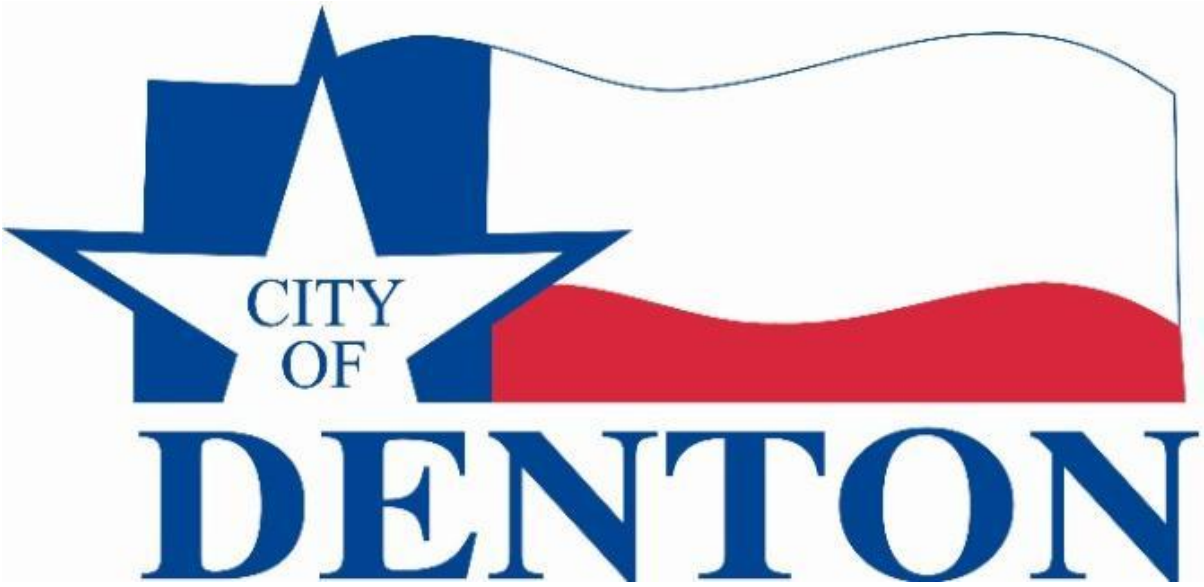
	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 213,488	$ 213,488	$ 38,882	$ 174,606
Materials and Supplies	5,950	5,950	2,222	3,728
Maintenance and Repairs	300	300	-	300
Insurance	3,740	3,740	3,740	-
Miscellaneous	1,400	1,400	21	1,379
Operations, Services	163,233	163,233	136,597	26,636
Transfers - Interfund	10,180	10,180	10,618	(438)
Transportation Operations	398,291	398,291	192,080	206,211
Personal Service	945,373	945,373	948,907	(3,534)
Materials and Supplies	15,308	15,308	14,032	1,276
Maintenance and Repairs	841,100	841,100	791,147	49,953
Insurance	21,699	21,699	21,699	-
Miscellaneous	2,200	2,200	1,375	825
Operations, Services	152,888	152,888	126,141	26,747
Transfers - Interfund	113,958	113,958	117,630	(3,672)
Capital Outlay	-	-	41,094	(41,094)
Traffic Operations	2,092,526	2,092,526	2,062,025	30,501
Operations, Services	777,000	777,000	825,907	(48,907)
Street Lighting	777,000	777,000	825,907	(48,907)
Personal Service	30,691,696	30,691,696	29,702,779	988,917
Materials and Supplies	492,714	497,006	565,698	(68,692)
Maintenance and Repairs	228,333	3,945	5,438	(1,493)
Insurance	569,628	569,628	569,628	-
Miscellaneous	200,664	200,664	196,588	4,076
Operations, Services	1,087,502	1,310,107	1,435,642	(125,535)
Transfers - Interfund	2,417,854	2,424,498	2,453,452	(28,954)
Police	35,697,544	35,697,544	34,929,225	768,319
Personal Service	980,804	980,804	1,219,281	(238,477)
Materials and Supplies	56,134	56,134	104,048	(47,914)
Maintenance and Repairs	20,900	20,900	12,494	8,406
Insurance	27,150	27,150	27,150	-
Operations, Services	441,948	441,948	533,322	(91,374)
Transfers - Interfund	102,142	102,142	113,351	(11,209)
Capital Outlay	-	4,187	5,303	(1,116)
Animal Services	1,629,078	1,633,265	2,014,949	(381,684)
Personal Service	25,986,804	25,986,804	25,830,142	156,662
Materials and Supplies	619,458	602,874	581,098	21,776
Maintenance and Repairs	258,163	277,228	254,007	23,221
Insurance	297,209	297,209	297,209	-
Miscellaneous	94,200	86,300	80,552	5,748
Operations, Services	1,762,313	1,753,732	2,003,703	(249,971)
Transfers - Interfund	1,232,427	1,268,427	1,430,929	(162,502)
Capital Outlay	80,000	58,000	-	58,000
Fire	$ 30,330,574	$ 30,330,574	$ 30,477,640	$ (147,066)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (concluded)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 303,674	$ 303,674	$ 245,217	$ 58,457
Materials and Supplies	5,465	5,465	2,228	3,237
Maintenance and Repairs	-	-	688	(688)
Insurance	4,330	4,330	4,330	-
Miscellaneous	322,500	322,500	327,090	(4,590)
Operations, Services	8,925	8,925	28,145	(19,220)
Transfers - Interfund	28,034	28,034	29,348	(1,314)
Agency Contributions	672,928	672,928	637,046	35,882
Personal Service	(1,950,000)	(1,950,000)	57,169	(2,007,169)
Materials and Supplies	40,000	40,000	1,583	38,417
Maintenance and Repairs	-	-	10,887	(10,887)
Miscellaneous	299,850	299,850	301,021	(1,171)
Operations, Services	1,620,304	1,608,448	1,721,324	(112,876)
Transfers - Interfund	6,369,881	6,369,881	5,545,640	824,241
Miscellaneous/Finance	6,380,035	6,368,179	7,637,624	(1,269,445)
Personal Service	87,227,862	86,916,669	86,486,188	430,481
Materials and Supplies	2,927,143	2,972,576	2,787,048	185,528
Maintenance and Repairs	3,381,956	3,039,427	2,630,526	408,901
Insurance	1,435,582	1,435,582	1,435,582	-
Miscellaneous	1,160,066	1,556,914	1,164,391	392,523
Operations, Services	18,298,218	17,682,547	17,256,224	426,323
Transfers - Interfund	14,164,056	15,031,810	13,973,209	1,058,601
Capital Outlay	589,553	548,911	737,271	(188,360)
TOTAL GENERAL FUND	$ 129,184,436	$ 129,184,436	$ 126,470,439	$ 2,713,997

(concluded)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Published 03/2020
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CITY OF DENTON, TEXAS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

CITY OF DENTON, TEXAS

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SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of Denton, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Denton, Texas' basic financial statements, and have issued our report thereon dated March 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Denton, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Denton, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Denton, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Denton, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 13, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

Honorable Mayor and
Members of the City Council
City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Denton, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of the City of Denton, Texas' major federal and state programs for the year ended September 30, 2019. The City of Denton, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Denton, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas Single Audit Circular. Those standards, the Uniform Guidance and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Denton, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Denton, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Denton, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the City of Denton, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Denton, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Denton, Texas' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Denton, Texas' basic financial statements. We issued our report thereon dated March 13, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 13, 2020

CITY OF DENTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant I.D. Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Federal Awards				
U.S. Department of Housing and Urban Development				
Direct Awards:				
Community Development Block Grant	B-15-MC-48-0036	14.218	$ 19,090	$ -
Community Development Block Grant	B-16-MC-48-0036	14.218	64,654	-
Community Development Block Grant	B-17-MC-48-0036	14.218	285,721	84,204
Community Development Block Grant	B-18-MC-48-0036	14.218	345,146	172,959
Community Development Block Grant	B-19-MC-48-0036	14.218	48,600	-
Subtotal - CFDA #14.218			763,211	257,163
Home Investment Partnerships Program	M-13-MC-48-0223	14.239	11,978	-
Home Investment Partnerships Program	M-14-MC-48-0223	14.239	138,038	-
Home Investment Partnerships Program	M-15-MC-48-0223	14.239	8,049	-
Home Investment Partnerships Program	M-16-MC-48-0223	14.239	71,909	48,585
Home Investment Partnerships Program	M-17-MC-48-0223	14.239	23,639	22,492
Home Investment Partnerships Program	M-18-MC-48-0223	14.239	151,809	48,846
Subtotal - CFDA #14.239			405,422	119,923
Passed Through Texas Department of Housing and Community Affairs:				
2017-18 Emergency Solutions Grant	42170002813	14.231	41,587	41,587
Total U.S. Department of Housing and Urban Development			1,210,220	418,673
U.S. Department of the Interior				
Passed through Texas Historical Commission:				
Historic Preservation-Certified Local Government (CLG) Grant	TX-18-026	15.904	20,000	-
Total U.S. Department of the Interior			20,000	-
U.S. Department of Justice				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	30,560	-
Organized Crime Drug Enforcement Task Force	OCDETF	16.000	18,344	-
Victim Assistance Coordinator	2018-V2-GX-0040	16.575	20,182	-
Equitable Sharing Agreement & Certification	TX610200	16.922	25,677	-
Total Direct Awards			94,763	-
Passed through International Association of Chiefs of Police:				
Domestic and Sexual Violence Initiative Grant	IACP-2018-7586-03	16.582	240,706	35,935
Total International Association of Chiefs of Police			240,706	35,935
Total U.S. Department of Justice			335,469	35,935
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Evers Park Bridge & Trail (NW Denton Loop) Grant	0918-46-273	20.205	30,835	-
Traffic Signal Equipment Grant	2681-01-012	20.205	8,268	-
State and Community Highway Safety Grant	2019-DentonPD-S-1YG-00044	20.600	82,462	-
Total Texas Department of Transportation			121,565	-
Total U.S. Department of Transportation			121,565	-

CITY OF DENTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant I.D. Number	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commission:				
Interlibrary Loan Program (ILL)	LS-00-18-0044-18	45.310	33,552	-
Collaborative Summer Library Program	LS-00-18-0044-18	45.310	1,482	-
Total Institute of Museum and Library Services			35,034	-
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission:				
Ambulance Services - Uncompensated Care Cost	00008301	93.778	511,100	-
Total U.S. Department of Health and Human Services			511,100	-
U.S. Department of Homeland Security				
Direct Awards:				
Staffing for Adequate Fire & Emergency Response (SAFER) Grant	EMW-2016-FH-00195	97.083	510,687	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	121,811	-
Total Texas A&M Engineering Extension Office			121,811	-
Passed through Texas Department of Public Safety:				
Emergency Management Performance Grant	EMT-2019-EP-00005	97.042	40,009	-
2017 UASI Specialized Regional Response	EMW-2017-SS-00005	97.067	29,574	-
2018 UASI SWAT Equipment	EMW-2018-SS-00022-S01	97.067	24,066	-
2018 UASI Fire EMS Rescuse Task Force	EMW-2018-SS-00022-S01	97.067	100,000	-
2018 SHSP SWAT Equipment Enhancement	EMW-2018-00022-501	97.067	23,549	-
Total Texas Department of Public Safety			217,198	-
Total U.S. Department of Homeland Security			849,696	-
Total Expenditures of Federal Awards			3,083,084	454,608

CITY OF DENTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant I.D. Number	Expenditures	Passed Through to Subrecipients
State Awards			
Texas Department of Transportation			
Airport Maintenance Grant	M1918DNTO	50,000	-
RTR - Mayhill Road From IH35 East to US 380	0918-46-246	10,820,636	-
RTR - Bonnie Brae Road - From IH35 East to US 377	0918-46-245	3,466,078	-
RTR - ITS Communication Trunk Lines	0918-46-244	941,378	-
RTR - McKinney Street (Formerly FM 426)	0918-46-298	2,498,158	-
Hickory Creek Road Project	0918-46-290	145,393	-
N TX Blvd Roundabout	0918-46-281	52,125	-
Total Texas Department of Transportation		17,973,768	-
Texas Office of the Governor			
BG-Rifle-Resistant Body Armor Grant Program	2018-BG-ST-0025	82,542	-
Total Texas Office of the Governor		82,542	-
Office of the Texas Attorney General			
Chapter 59 Asset Forfeitures	N/A	26,290	-
Total Office of the Texas Attorney General		26,290	-
Texas A&M Engineering Extension Office			
Urban Search and Rescue Response System	47-100-769	193,560	-
Total Texas A&M Engineering Extension Office		193,560	-
Texas Intrastate Fire Mutual Aid System by Texas A&M Forest Service			
Trench Rescue Tech Training Tuition	1990	1,700	-
Confined Space Training Tuition	1990	2,250	-
Vehicle Rescue Tech Training Tuition	1990	1,500	-
Swift Water Rescue Training Tuition	1990	1,920	-
Total Texas Intrastate Fire Mutual Aid System by Texas A&M Forest Service		7,370	-
Texas Comptroller of Public Accounts			
Fire-Law Enforcement Officer Standards & Education	N/A	2,406	-
Police-Law Enforcement Officer Standards & Education	N/A	10,764	-
Reimbursement for Sexual Assault Examinations	N/A	54,140	-
Total Texas Comptroller of Public Accounts		67,310	-
Total Expenditures of State Awards		18,350,840	-
Total Federal and State Financial Assistance Expended		$ 21,433,924	$ 454,608

CITY OF DENTON, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. GENERAL

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of the City of Denton, Texas. The City's reporting entity is defined in Note I to the City's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards is presented using modified accrual basis of accounting, which is described in Note I to the City's basic financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2019, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. NEGATIVE AMOUNTS

Pass-through amounts that were recorded as expenditures in prior years have been refunded to the City by subrecipients. As a result of this, the affected grants reflect a negative balance on the Schedule of Expenditures of Federal and State Awards.

5. INDIRECT COSTS

The City has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

CITY OF DENTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section I: Summary of the Auditors' Results

Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Type of auditors' report issued on compliance for major federal and state programs	Unmodified
Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a) or the Uniform Grant Management Standards?	None

Identification of major federal and state programs:

Federal:

14.218	Community Development Block Grant

State:

Regional Toll Revenue (RTR) Transportation Projects

The dollar threshold used to distinguish between type A and type B federal programs.	$750,000
The dollar threshold used to distinguish between type A and type B state programs.	$550,525
Low risk auditee statement	The City was classified as a low-risk auditee in the context of 2 CFR 200 and in the context of the state of Texas Uniform Grant Management Standards.

Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*

None

Findings and Questioned Costs for Federal and State Awards

None

CITY OF DENTON
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SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

None